

# A Retirement Plan for Individuals

MARCH 1, 2025

*Investing with*  
**Biblical Principles**

SIMPLE INDIVIDUAL RETIREMENT ACCOUNT



TIMOTHY PLAN

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1

Account Registration

SIMPLE IRA

NEW ACCOUNT APPLICATION

☐ Check here if amendment.

Participant Information

**FOR ASSISTANCE** with this form, call Shareholder Services at (800) 662-0201, or the Timothy Plan at (800) 846-7526.

NAME (First, Initial, Last)		GENDER: <input type="radio"/> Male <input type="radio"/> Female	DATE OF BIRTH
ADDRESS			
CITY	STATE	ZIP	U.S. CITIZENSHIP STATUS: <input type="radio"/> CITIZEN <input type="radio"/> RESIDENT ALIEN <input type="radio"/> NONRESIDENT ALIEN
DAYTIME PHONE NUMBER	EMAIL (optional)	TAXPAYER ID NUMBER or SSN	

Employer Information

COMPANY NAME		EMPLOYER CONTACT NAME (First, Initial, Last)	
ADDRESS	CITY,	STATE	ZIP
DAYTIME PHONE NUMBER	EMAIL (optional)	TAXPAYER ID NUMBER or SSN	PLAN EFFECTIVE DATE

Your Beneficiaries

**WARNING.** If you do not name beneficiaries, your account will be paid out to your estate, and probably be subject to probate.

**SPOUSAL CONSENT:** If you live in a marital or community property state, and your spouse is not the sole primary beneficiary, your spouse must sign the Spousal Consent under Item 6 of this form.

I designate the following (as indicated):

**PRIMARY BENEFICIARY(IES),** to receive the percentage indicated of my IRA Account in the event of my death.

**CONTINGENT BENEFICIARY(IES),** to receive the percentage indicated of my IRA Account in the event of the death of my primary beneficiary(ies).

After your death, the SIMPLE IRA assets will be distributed in equal shares (unless indicated otherwise) to the primary beneficiaries who survive you. You may revoke or change the beneficiary designation at any time by completing a new IRA Change of Beneficiary Form and providing it to the Custodian.

**TRUSTS:** To name a trust as your beneficiary, attach to this form either a copy of the pertinent pages of the trust agreement or a certification, in writing, acceptable to the SIMPLE IRA Custodian.

**PERCENTAGES:** All stated percentages must be whole percentages (e.g., 33%, not 33.3%). If the percentages do not add up to 100%, each beneficiary's share will be based proportionately on the stated percentages.

1.	<input type="radio"/> PER STIRPES	%		
BENEFICIARY NAME	TYPE: <input type="radio"/> Primary <input type="radio"/> Contingent	DATE OF BIRTH	RELATIONSHIP	PERCENTAGE
ADDRESS		TAXPAYER ID NUMBER or SSN		
2.	<input type="radio"/> PER STIRPES	%		
BENEFICIARY NAME	TYPE: <input type="radio"/> Primary <input type="radio"/> Contingent	DATE OF BIRTH	RELATIONSHIP	PERCENTAGE
ADDRESS		TAXPAYER ID NUMBER or SSN		
3.	<input type="radio"/> PER STIRPES	%		
BENEFICIARY NAME	TYPE: <input type="radio"/> Primary <input type="radio"/> Contingent	DATE OF BIRTH	RELATIONSHIP	PERCENTAGE
ADDRESS		TAXPAYER ID NUMBER or SSN		
4.	<input type="radio"/> PER STIRPES	%		
BENEFICIARY NAME	TYPE: <input type="radio"/> Primary <input type="radio"/> Contingent	DATE OF BIRTH	RELATIONSHIP	PERCENTAGE
ADDRESS		TAXPAYER ID NUMBER or SSN		

**PER STIRPES:** IF YOU WANT THE CHILDREN OF A BENEFICIARY YOU LISTED TO INHERIT THAT BENEFICIARY'S SHARE (IF THAT BENEFICIARY PREDECEASES YOU), CHECK THE PER STIRPES BOX(ES) ABOVE. THIS WILL OVERRIDE ANY SELECTIONS BELOW.

**IF YOU DID NOT SELECT PER STIRPES,** SELECT THE FOLLOWING THAT ACCURATELY REFLECTS YOUR WISHES FOR THOSE WHO ARE NOT DESIGNATED PER STIRPES. YOU MAY ALSO ATTACH A SEPARATE DESIGNATION DULY SIGNED, DATED AND WITNESSED.

- ☐ The share of a primary beneficiary who predeceases me shall go to the primary beneficiary(ies) who survive me in the ratio that each such surviving primary beneficiary's(ies') percentage bears to the total percentage of all surviving primary beneficiary(ies).
- ☐ The share of a primary beneficiary who predeceases me shall go to the contingent beneficiary(ies) who survive me in the ratio that each such surviving contingent beneficiary's(ies') percentage bears to the total percentage of all surviving contingent beneficiary(ies).

## Contribution Information

## Source of Funds



## SPECIAL INSTRUCTIONS:

**Recharacterization:** An irrevocable recharacterization election must be provided to the IRA Custodian.

**Direct Transfer:** Complete and attach an IRA Transfer form.

**Rollover:** Complete and attach an IRA Direct Rollover form.

**\*SIMPLE IRA:** You may not rollover a distribution from a Traditional IRA, SEP IRA or an employer-sponsored plan to a SIMPLE IRA until at least two years have elapsed from the time of your initial participation in your employer's SIMPLE IRA plan.

☐ **Elective Deferral**

Amount: \$ \_\_\_\_\_

Tax Year: 20\_\_\_\_

☐ **Employer Match Contribution**

Amount: \$ \_\_\_\_\_

Tax Year: 20\_\_\_\_

☐ **Employer Nonelective Contribution**

Amount: \$ \_\_\_\_\_

Tax Year: 20\_\_\_\_

☐ **Direct Transfer From SIMPLE IRA**☐ **Rollover**

SOURCE:

☐ **SIMPLE IRA**☐ **Traditional IRA\***☐ **SEP IRA\***☐ **Employer-Sponsored Plan**  
(e.g., 401(a), 401(k), 403(b),  
governmental 457(b))\*

IS THE ROLLOVER BEING COMPLETED WITHIN 60 DAYS OF RECEIPT OF THE DISTRIBUTION?

☐ **YES**, Rollover is within 60 days of receipt of the distribution.☐ **NO**, Rollover is **NOT** within 60 days of receipt of the distribution. (60+ days will only be accepted if accompanied by a Self-Certification of Late Rollover/Conversion form.)☐ **Not Applicable**, this is a DIRECT rollover from an employer-sponsored plan.☐ Self-Certification of Late Rollover/Conversion form is attached☐ **Recharacterization**☐ **Qualified Birth or Adoption Distribution(s)**☐ **Qualified Reservist Distribution(s)**☐ **Qualified Disaster Recovery Distribution(s)**☐ **Withdrawal(s) for Terminal Illness**☐ **Emergency Personal Expense Distribution(s)**☐ **Eligible Distribution(s) to Domestic Abuse Victim**☐ **Other**

EXPLAIN: \_\_\_\_\_

## Group Plan

☐ **Yes**. This account will be part of a group plan.

EMPLOYER NAME \_\_\_\_\_

PLAN NUMBER \_\_\_\_\_

## Reduced Sales Charge

Class A &amp; C shares combined.



**\$750,000 BREAKPOINT:** This selection is only applicable for Fixed Income and High Yield Bond Funds.

LETTER OF INTENT: Please be advised that over the course of the next thirteen months, I intend to purchase a cumulative amount of the Timothy Plan family of funds equal to or in excess of:

☐ **\$50,000**☐ **\$100,000**☐ **\$250,000**☐ **\$500,000**☐ **\$750,000**☐ **Over \$1 million**

If you intend to invest a certain amount over a 13 month period, you may be entitled to reduced sales charges on Class A share purchases. If the amount indicated is not invested within 13 months, regular sales charge rates will apply to shares purchased and any difference in the sales charge owed versus the sales charge previously paid will be deducted from escrowed shares. Please refer to the prospectus for terms and conditions.

RIGHT OF ACCUMULATION: The following accounts, if any, are related and should be included in my aggregate purchases to be calculated when assessing my reduced sales load.

1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_ 4. \_\_\_\_\_

## Net Asset Value (NAV)



FOR ADVISOR/FUND USE ONLY.

☐ **This account is eligible for NAV purchases.** (Both sections must be selected to be processed.)I certify that ☐ **this account** is eligible for this option according to the terms set forth in the fund prospectus.

## Investment Selection

## Your Fund Choices

If no share class is indicated, a Class A share account will be established.



**TO PURCHASE CLASS I SHARES:** You must be working with a Registered Investment Advisor.

FUND NAME(S)	CLASS	20____ INDIVIDUAL CONTRIBUTION	20____ INDIVIDUAL CONTRIBUTION	ALLOCATION
1. _____	<input type="checkbox"/> A <input type="checkbox"/> C <input type="checkbox"/> I	\$ _____	\$ _____	\$ _____ %
2. _____	<input type="checkbox"/> A <input type="checkbox"/> C <input type="checkbox"/> I	\$ _____	\$ _____	\$ _____ %
3. _____	<input type="checkbox"/> A <input type="checkbox"/> C <input type="checkbox"/> I	\$ _____	\$ _____	\$ _____ %
4. _____	<input type="checkbox"/> A <input type="checkbox"/> C <input type="checkbox"/> I	\$ _____	\$ _____	\$ _____ %



## Telephone Transaction Privileges

If you elect to do so, you may exchange and/or redeem by telephone.


**NO, I DO NOT WANT THE FOLLOWING PRIVILEGES:**

☐ Telephone Exchange. ☐ Telephone Redemption.

## 4 Payment Method

### Payment Method

You can open your account using any of these methods. Please check your choice.

 **DIRECT TRANSFERS:** Complete and attach the IRA Transfer Request Form.

- ☐ **Check** *(Please make check payable to the Timothy Plan.)*
- ☐ **Bank Wire** *(For instructions, please contact the Transfer Agent toll free at 1-800-662-0201.)*
- ☐ **Employer** *(Contributions will be forthcoming from my employer.)*
- ☐ **Direct Transfer** *(Funds will be transferred directly from another IRA, SEP-IRA or retirement plan.)*
- ☐ **Other** \_\_\_\_\_


## 5 Acknowledgment

### Your Signature

 **WARNING.** This application cannot be processed unless signed below by the Traditional (or Inherited) IRA Owner.

#### CURRENT MARITAL STATUS

- ☐ **I am not married** – I understand that if I become married in the future, I must complete a new beneficiary designation that includes the spousal consent provisions.
- ☐ **I am married** – I understand that if I designate a primary beneficiary other than my spouse, my spouse must sign below.

 **NOTE:** The Fund Custodian, Constellation Trust Company, charges \$25.00 per account number in connection with plan establishment and maintenance, of which, \$5.00 is remitted to the fund underwriter, Timothy Partners, Ltd.

By signing this SIMPLE IRA Application, I certify that the information I have provided is true, correct, and complete, and the Custodian (Constellation Trust Company, Post Office Box 46707, Cincinnati, OH 45246-0707) may rely on what I have provided. In addition, I have read and received copies of the SIMPLE IRA Application, IRS Form 5305-SA, Disclosure Statement and Financial Disclosure, including the applicable fee schedule. I agree to be bound to their terms and conditions. I understand that if the deposit establishing the SIMPLE IRA contains rollover dollars, I elect to irrevocably designate this deposit as a rollover contribution. I understand that I am responsible for the SIMPLE IRA transactions I conduct, and I will indemnify and hold the Custodian harmless from any consequences related to executing my directions. I have been advised to seek competent legal and tax advice and have not been provided any such advice from the Custodian.

\_\_\_\_\_  
SIGNATURE OF SIMPLE IRA OWNER

\_\_\_\_\_  
DATE

- ☐ **I am exempt from the Foreign Account Tax Compliant Act.** The IRS does not require your consent to any provision of this document other than the certification required to avoid backup withholding.

### USA Patriot Act Notice

**IMPORTANT INFORMATION:** Under the USA Patriot Act, Federal law requires all financial institutions (including mutual funds) to obtain, verify, and record information that identifies each person who opens an account. The information you provide is used exclusively as required under the Patriot Act and to provide the services you have requested.

**WHAT THIS MEANS FOR YOU:** When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask for additional identifying documents. The information is required for all owners, co-owners, or anyone who will be signing or completing a transaction on behalf of a legal entity that will own the account. We must return your application if any of this information is missing. If we are unable to verify this information, your account may be closed and you will be subject to all applicable costs. If you have any questions regarding this application, please call **(800) 662-0201**.

### Spousal Consent

**SIMPLE IRA** owners who reside in or whose IRA is located in a community or marital property state should review this section. This section may have important tax consequences to you and your spouse so please consult with a competent advisor prior to completing. If this is an Inherited IRA, seek competent legal/tax advice to see if spousal consent is required. If you are not currently married and you marry in the future, you must complete a new beneficiary designation that includes the spousal consent provisions.

 **NOTARY IS REQUIRED.**

#### CONSENT OF SPOUSE

By signing below, I acknowledge that I am the spouse of the SIMPLE IRA Owner and agree with and consent to my spouse's designation of a primary beneficiary other than, or in addition to, me. I have been advised to consult a competent advisor and I assume all responsibility regarding this consent. The Custodian has not provided me any legal or tax advice.

\_\_\_\_\_  
SIGNATURE OF SPOUSE

\_\_\_\_\_  
DATE

THE ABOVE CONSENT WAS SIGNED AND  
ACKNOWLEDGED BEFORE ME ON THIS

\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

### Acceptance by Custodian

CUSTODIAN USE ONLY.

The undersigned, as Custodian under the Plan, accepts the above Account and acknowledges receipt and acceptance of the Beneficiary Designation. Accepted by:

\_\_\_\_\_  
CONSTELLATION TRUST COMPANY

\_\_\_\_\_  
DATE



**Duplicate Account Statement**

☐ **YES, Please send a duplicate account statement to:**

NAME (First, Initial, Last) \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

**REQUIRED MINIMUM DISTRIBUTION INFORMATION**

**Rollover of employer plan distribution to IRA by plan participant or former spouse of plan participant.** If your contribution is a rollover from an employer plan and you are a plan participant (or the former spouse of the plan participant) of the distributing employer-sponsored plan, required minimum distributions from the plan are not eligible for rollover and must be satisfied prior to the rollover.

**Rollover of employer plan distribution to IRA by spouse beneficiary of plan participant.** If your contribution is a rollover of a distribution you received from an employer plan you inherited from your spouse, required minimum distributions, including any "hypothetical required minimum distributions" from the plan are not eligible for rollover and must be satisfied prior to the rollover.

**Rollover or conversion of IRA distribution by IRA owner.** If your contribution is a rollover from an IRA and you are the IRA

owner (or the former spouse of the IRA owner) of the distributing IRA must satisfy the required minimum distributions from all my Traditional, SEP and SIMPLE IRAs prior to the rollover/conversion and must be satisfied prior to the rollover/conversion.

**Rollover of Inherited IRA distribution by spouse beneficiary.** If your contribution is a rollover of a distribution you received from an IRA that that you inherited from your spouse, required distributions, including any "hypothetical required minimum

distributions" from all the IRAs\* inherited from your spouse are not eligible for rollover and must be satisfied prior to the rollover.

*\* If the distributing Inherited IRA is a Roth IRA, required distributions for all Roth IRAs inherited from your spouse must be satisfied prior to the rollover. If the distributing Inherited IRA is a Traditional, SEP or SIMPLE IRA, required distributions for all Traditional, SEP and SIMPLE IRAs inherited from your spouse must be satisfied prior to the rollover.*

**6 For Dealer Use Only**

**Your Financial Representative**

IF APPLICABLE.

BROKER/DEALER NAME \_\_\_\_\_ BRANCH NUMBER \_\_\_\_\_

BRANCH ADDRESS \_\_\_\_\_

REPRESENTATIVE'S NAME \_\_\_\_\_ PRODUCER NUMBER \_\_\_\_\_ PHONE NUMBER \_\_\_\_\_

**7 Mailing Your Application**

**Return Completed Form**

USE YOUR PREFERRED MAILING METHOD.

**REGULAR DELIVERY:**

Timothy Plan  
c/o Ultimus Fund Solutions, LLC  
PO Box 46707, Cincinnati, OH 45246-0707

**OVERNIGHT DELIVERY:**

Timothy Plan  
c/o Ultimus Fund Solutions, LLC  
225 Pictoria Dr, Ste 450, Cincinnati, OH 45246

Phone | (800) 662-0201  
Local | (402) 493-4603  
Fax | (402) 963-9094



## Traditional, SEP or SIMPLE IRA

REQUEST FOR TRANSFER

## 1 Account Information

Participant /  
Owner Information

**i** FOR ASSISTANCE with this form, call Shareholder Services at (800) 662-0201, or the Timothy Plan at (800) 846-7526.

**i** NEW ACCOUNTS: Complete and attach the Traditional/SEP IRA New Account Form.

NAME (First, Initial, Last)

GENDER: ☐ Male ☐ Female

DATE OF BIRTH

ADDRESS

CITY,

STATE

ZIP

DAYTIME PHONE NUMBER

TAXPAYER ID NUMBER or SSN

TIMOTHY PLAN ACCOUNT NUMBER (if any)

## Reasons for Transfer

COMPLETE THIS SECTION ONLY FOR RETIREMENT PLANS.

REASON FOR TRANSFER: (Select One)

☐ Transfer Incident to Divorce or Legal Separation☐ Transfer Inherited IRA to Spouse Beneficiary's Own IRA

Answer the questions below to determine your eligibility for transferring the Inherited IRA to your own IRA.

**1. Did the IRA owner pass away prior to last year?**☐ YES ☐ NO

If "NO", go to Section 2. If "YES", go to Question #2.

**2. Will you attain age 74 or older by the end of this calendar year?**☐ YES ☐ NO

If "NO", go to Section 2. If "YES", you are NOT eligible to transfer the Inherited to your own IRA as the deadline to do so has passed. You may, however, be eligible to move all or a portion of the Inherited IRA funds to your own IRA via a distribution from the Inherited IRA and a rollover contribution into your own IRA. Before you roll over the Inherited IRA to your own IRA, you must satisfy required distributions including, but not limited to "hypothetical required minimum distributions" from all applicable IRAs. Required distributions rolled over may result in an excess contribution subject to IRS penalty and additional tax.

## 2 Account to be Transferred

Current Custodian /  
Financial Institution

**i** ATTACH a copy of your recent account statement from your present Custodian.

NAME FINANCIAL INSTITUTION (Trustee, Custodian or Employer)

ACCOUNT NUMBER

PHONE NUMBER

ADDRESS

CITY,

STATE

ZIP

## 3 Transfer Instructions

## Asset Transfer

**i** TRANSFeree CUSTODIAN/TRUSTEE may require documentation if the minimum distribution has not been satisfied prior to this transfer.

**!** SIMPLE IRA funds cannot be transferred to a Traditional IRA for two years following the date of the initial SIMPLE contribution.

CURRENT PLAN TYPE: (Select One)

☐ Traditional IRA☐ Rollover IRA☐ SEP-IRA☐ SIMPLE IRA☐ Employer-Sponsored: \_\_\_\_\_☐ Inherited (Beneficiary) IRA ☐ Traditional

TYPE OF PLAN TRANSFERRING TO: (Select One)

☐ Traditional IRA☐ Rollover IRA☐ Roth IRA (must have a Roth IRA Application)☐ SEP-IRA☐ SIMPLE☐ Inherited (Beneficiary) IRA ☐ Traditional

## Assets to be Transferred

**i** NOTE: Penalties and market fluctuation may affect the distribution amount.

**!** WIRE TRANSFERS: If you choose to wire-transfer your funds, contact your financial organization for information regarding any incoming or outgoing wire-transfer fees that may apply.

A. PAYMENT AMOUNT:

☐ My entire Retirement Account.☐ A portion of my Retirement Account. \$ \_\_\_\_\_

B. PAYMENT SCHEDULE:

☐ Immediately liquidate all investments and send cash proceeds.☐ Liquidate the investments as identified below:

FUND(S) TO BE LIQUIDATED

ACCOUNT NUMBER

AMOUNT TO BE TRANSFERRED

SENT DATE

1.

\$

%

2.

\$

%

3.

\$

%

## Net Asset Value (NAV)

⚠️ FOR ADVISOR/FUND USE ONLY.

☐ This account is eligible for NAV purchases. (Both sections must be selected to be processed.)I certify that ☐ this account is eligible for this option according to the terms set forth in the fund prospectus.

## 4

## Investment Selection

## Your Fund Choices

If no share class is indicated, a Class A share account will be established.

⚠️ **TO PURCHASE CLASS I SHARES:** You must be working with a Registered Investment Advisor.

FUND NAME(S)	CLASS	ALLOCATION	FUND NAME(S)	CLASS	ALLOCATION
1. _____	<input type="checkbox"/> A <input type="checkbox"/> C <input type="checkbox"/> I	\$ _____ %	4. _____	<input type="checkbox"/> A <input type="checkbox"/> C <input type="checkbox"/> I	\$ _____ %
2. _____	<input type="checkbox"/> A <input type="checkbox"/> C <input type="checkbox"/> I	\$ _____ %	5. _____	<input type="checkbox"/> A <input type="checkbox"/> C <input type="checkbox"/> I	\$ _____ %
3. _____	<input type="checkbox"/> A <input type="checkbox"/> C <input type="checkbox"/> I	\$ _____ %	6. _____	<input type="checkbox"/> A <input type="checkbox"/> C <input type="checkbox"/> I	\$ _____ %

## Reduced Sales Charge

Class A &amp; C shares combined.

⚠️ **\$750,000 BREAKPOINT:** This selection is only applicable for Fixed Income and High Yield Bond Funds.

LETTER OF INTENT: Please be advised that over the course of the next thirteen months, I intend to purchase a cumulative amount of the Timothy Plan family of funds equal to or in excess of:

☐ \$50,000 ☐ \$100,000 ☐ \$250,000 ☐ \$500,000 ☐ \$750,000 ☐ Over \$1 million

If you intend to invest a certain amount over a 13 month period, you may be entitled to reduced sales charges on Class A share purchases. If the amount indicated is not invested within 13 months, regular sales charge rates will apply to shares purchased and any difference in the sales charge owed versus the sales charge previously paid will be deducted from escrowed shares. Please refer to the prospectus for terms and conditions.

RIGHT OF ACCUMULATION: The following accounts, if any, are related and should be included in my aggregate purchases to be calculated when assessing my reduced sales load.

1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_ 4. \_\_\_\_\_

## 5

## Acknowledgment

## Your Signature

⚠️ **WARNING:** This application will not be processed unless signed below by the Traditional IRA Owner (or Inherited IRA Owner).i **SIGNATURE GUARANTEE:** Your current trustee/custodian may require a guaranteed signature. Contact them for signature requirements.

I certify that I have established the appropriate IRA account with the Timothy Plan, of which Constellation Trust Company is the transferee custodian/trustee. I certify that the information contained on this form is true and correct. I direct the transferor custodian/trustee to transfer my IRA assets as set forth in this form. I understand I should seek the guidance of a tax or legal professional with regard to this decision. I understand that if I establish a separate conduit account, it is my responsibility to keep my conduit account separate from my other accounts. I understand that my custodian/trustee cannot provide legal advice. I indemnify and agree to hold the custodian/trustee harmless against any liabilities. I assume full responsibility for the consequences of this transfer decision. The custodian/trustee agrees to accept these funds as a transfer.

\_\_\_\_\_  
SIGNATURE OF IRA OWNER  
(or Inherited IRA Owner)\_\_\_\_\_  
DATE

## To Current Trustee / Custodian

FOR SUCCESSOR AND CURRENT CUSTODIAN ONLY.

The custodian/trustee signing below agrees to accept custodianship/trusteeship, and the transferring assets described above, for the Timothy Plan IRA account established on behalf of the above-named owner.

\_\_\_\_\_  
CONSTELLATION TRUST COMPANY\_\_\_\_\_  
DATE

## DELIVERY INSTRUCTIONS

A. Transferee IRA Account Number \_\_\_\_\_

B. Make check payable to or certificate registration in the name of \_\_\_\_\_  
as ☐ Custodian ☐ Trustee for the ☐ Traditional ☐ SIMPLE IRA of \_\_\_\_\_

## 6

## Mailing Your Application

## Return Completed Form

USE YOUR PREFERRED MAILING METHOD.

## REGULAR DELIVERY:

Timothy Plan  
c/o Ultimus Fund Solutions, LLC  
PO Box 46707, Cincinnati, OH 45246-0707

## OVERNIGHT DELIVERY:

Timothy Plan  
c/o Ultimus Fund Solutions, LLC  
225 Pictoria Dr, Ste 450, Cincinnati, OH 45246Phone | (800) 662-0201  
Local | (402) 493-4603  
Fax | (402) 963-9094



# SIMPLE INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

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

FORM (Rev. April 2017)

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

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

The participant and the custodian make the following agreement:

## ARTICLE I

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

## ARTICLE II

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

## ARTICLE III

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

## ARTICLE IV

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

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

- (ii) the designated beneficiary is not the participant's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the participant and reduced by one for each subsequent year, or over the period in paragraph (a)(iii) below if longer.
  - (iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the participant as determined in the year of the participant's death and reduced by one for each subsequent year.
- (b) If the participant dies before the required beginning date, the remaining interest will be distributed in accordance with paragraph (i) below or, if elected or there is no designated beneficiary, in accordance with paragraph (ii) below:
    - (i) the remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the participant's death. If, however, the designated beneficiary is the participant's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the participant would have reached age 70½. But, in such case, if the participant's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with paragraph (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with paragraph (ii) below if there is no such designated beneficiary.
    - (ii) the remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the participant's death.
  4. If the participant dies before his or her entire interest has been distributed and if the designated beneficiary is not the participant's surviving spouse, no additional contributions may be accepted in the account.
  5. The minimum amount that must be distributed each year, beginning with the year containing the participant's required beginning date, is known as the "required minimum distribution" and is determined as follows:
    - (a) the required minimum distribution under paragraph 2(b) for any year, beginning with the year the participant reaches age 70½, is the participant's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the participant's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the participant's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the participant's (or, if applicable, the participant and spouse's) attained age (or ages) in the year.

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

## ARTICLE V

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

## ARTICLE VI

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

## ARTICLE VII

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

## ARTICLE VIII

- 8.01 **Definitions** – In this part of this agreement (Article VIII), the words “you” and “your” mean the participant. The words “we,” “us,” and “our” mean the custodian. The word “Code” means the Internal Revenue Code, and “regulations” means the Treasury regulations.
- 8.02 **Notices and Change of Address** – Any required notice regarding this SIMPLE IRA will be considered effective when we send it to the intended recipient at the last address that we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You, or the intended recipient, must notify us of any change of address.
- 8.03 **Representations and Responsibilities** – You represent and warrant to us that any information you have given or will give us with respect to this agreement is complete and accurate. Further, you agree that any directions you give us or action you take will be proper under this agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, if we receive ambiguous directions regarding any transaction, or if we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We will not be responsible for losses of any kind that may result from your directions to us or

your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions, or failures to act. We will not be responsible for any penalties, taxes, judgments, or expenses you incur in connection with your SIMPLE IRA. We have no duty to determine whether your contributions or distributions comply with the Code, regulations, rulings, or this agreement.

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

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

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

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

- 8.04 **Disclosure of Account Information** – We may use agents and/or subcontractors to assist in administering your SIMPLE IRA. We may release nonpublic personal information regarding your SIMPLE IRA to such providers as necessary to provide the products and services made available under this agreement, and to evaluate our business operations and analyze potential product, service, or process improvements.
- 8.05 **Service Fees** – We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover, or termination fee) for maintaining your SIMPLE IRA. In addition, we have the right to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your SIMPLE IRA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your SIMPLE IRA at our discretion. We reserve the right to charge any additional fee after giving you 30 days' notice. Fees such as subtransfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this SIMPLE IRA.

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

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

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

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

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

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

We may allow, if permitted by state law, an original SIMPLE IRA beneficiary (the beneficiary who is entitled to receive distributions from an inherited SIMPLE IRA at the time of your death) to name successor beneficiaries for the inherited SIMPLE IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during the original SIMPLE IRA beneficiary's lifetime. Each beneficiary designation form that the original SIMPLE IRA beneficiary files with us will cancel all previous designations. The consent of a successor beneficiary will not be required for the original SIMPLE IRA beneficiary to revoke a

successor beneficiary designation. If the original SIMPLE IRA beneficiary does not designate a successor beneficiary, his or her estate will be the successor beneficiary. In no event will the successor beneficiary be able to extend the distribution period beyond that required for the original SIMPLE IRA beneficiary.

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

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

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

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

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

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

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

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

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

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

- 8.10 **Successor Custodian** – If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion that includes your SIMPLE IRA) is bought by another organization, that organization (or agency) will automatically become the trustee or custodian of your SIMPLE IRA, but only if it is the type of organization authorized to serve as a SIMPLE IRA trustee or custodian.
- 8.11 **Amendments** – We have the right to amend this agreement at any time. Any amendment we make to comply with the Code and related regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we send the amendment, you notify us in writing that you do not consent.
- 8.12 **Withdrawals or Transfers** – All requests for withdrawal or transfer will be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing or in any other method acceptable to us. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals will be subject to all applicable tax and other laws and regulations, including but not limited to possible early distribution penalty taxes, surrender charges, and withholding requirements.
- 8.13 **Transfers From Other Plans** – We can receive amounts transferred or rolled over to this SIMPLE IRA from the trustee or custodian of another SIMPLE IRA. We reserve the right not to accept any transfer or rollover.
- 8.14 **Liquidation of Assets** – We have the right to liquidate assets in your SIMPLE IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties, or surrender charges properly chargeable against your SIMPLE IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree to not hold us liable for any adverse consequences that result from our decision.
- 8.15 **Restrictions on the Fund** – Neither you nor any beneficiary may sell, transfer, or pledge any interest in your SIMPLE IRA in any manner whatsoever, except as provided by law or this agreement.
- The assets in your SIMPLE IRA will not be responsible for the debts, contracts, or torts of any person entitled to distributions under this agreement.
- 8.16 **What Law Applies** – This agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this agreement, the law of our domicile will govern.
- If any part of this agreement is held to be illegal or invalid, the remaining parts will not be affected. Neither your nor our failure to enforce at any time or for any period of time any of the provisions of this agreement will be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.
- 8.17 **Summary Description Requirements** – Notwithstanding Article V above, we will be deemed to have satisfied our summary description reporting requirements under Internal Revenue Code (IRC) Section 408(l)(2) if either
- a. we provide a summary description directly to you, or
  - b. we provide our name, address and withdrawal procedures to you, and your employer provides you with all other required information.

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## GENERAL INSTRUCTIONS

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

### PURPOSE OF FORM

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

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

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

### DEFINITIONS

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

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

### TRANSFER SIMPLE IRA

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

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## SPECIFIC INSTRUCTIONS

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

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



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# DISCLOSURE STATEMENT

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## RIGHT TO REVOKE YOUR SIMPLE IRA

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

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

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

## REQUIREMENTS OF A SIMPLE IRA

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

B. **Maximum Contribution** – The only contributions that may be made to your SIMPLE IRA are employee elective deferrals under a qualified salary reduction agreement, employer contributions, and other contributions allowed by the Code or related regulations, that are made under a SIMPLE IRA plan maintained by your employer. Employee elective deferrals may not exceed the lesser of 100 percent of your compensation for the calendar year or \$16,000 (for 2024) and \$16,500 (for 2025) with possible cost-of-living adjustments each year thereafter. Your employer may make additional contributions to your SIMPLE IRA within the limits prescribed in Internal Revenue Code Section (IRC Sec.) 408(p). Your employer is required to provide you with information that describes the terms of its SIMPLE IRA plan.

If you are employed by an employer with no more than 25 employees who received at least \$5,000 in compensation the preceding year, your annual deferral and catch-up contribution limit is 110 percent of the contribution limit that would otherwise apply in 2024. The increased deferral limit is \$17,600 (for 2024 and 2025) and the increased catch-up contribution limit is \$3,850 (for 2024 and 2025) with possible cost-of-living adjustments each year thereafter.

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

C. **Catch-Up Contributions** – If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your SIMPLE IRA. The maximum additional contribution is \$3,500 (for 2024 and 2025), with possible cost-of-living adjustments each year thereafter. Beginning in 2025 if you attain age 60, 61, 62, or 63 (but do not attain age 64) during the year, your catch-up contribution is the greater of \$5,000 or 150 percent of the 2025 catch-up contribution limit with possible cost-of-living adjustments each year thereafter.

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

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

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

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

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

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

1. **Applicable Age for RMDs** – You are required to take a minimum distribution from your SIMPLE IRA for the year in which you reach the applicable age for RMDs and for each year thereafter. The applicable age for RMDs is age 70½ if you were born before July 1, 1949; age 72 if you were born on or after July 1, 1949, but before January 1, 1951; age 73 if you were born on or after January 1, 1951, but before January 1, 1960; and age 75 if you were born on or after January 1, 1960. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain the applicable age.

2. **Calculation** – The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the previous year by the applicable denominator. The applicable denominator generally is determined using the Uniform Lifetime Table provided by the IRS. If your spouse is your sole designated beneficiary for the entire calendar year, and is more than 10 years younger than you, the RMD is determined each year using the actual joint life expectancy of you and your spouse obtained from the Joint Life Expectancy Table provided by the IRS, rather than the life expectancy factor from the Uniform Lifetime Table.

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

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

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

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

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

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

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

If your spouse is your sole designated beneficiary, he or she must elect either option (a) or (b) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year life expectancy payments would be required to begin. Your designated beneficiaries, other than a spouse who is the sole designated beneficiary, must elect either option (a) or (b) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in accordance with option (b). In the case of distributions under option (b), distributions must commence by December 31 of the year following the year of your death. Generally, if your spouse is the designated beneficiary, distributions need not commence until December 31 of the year you would have attained RMD age (as described in the *Required Minimum Distributions* section above), if later. If a beneficiary other than a person or qualified trust as defined in the Treasury Regulations is named, you will be treated as having no designated beneficiary of your SIMPLE IRA for purposes of determining the distribution period. If there is no designated beneficiary of your SIMPLE IRA, the entire SIMPLE IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

- 2. **Death of SIMPLE IRA Owner On or After January 1, 2020** – Upon your death, your SIMPLE IRA will be paid to your beneficiary. The beneficiary's options for payment will differ depending on whether the beneficiary is an eligible designated beneficiary, a designated beneficiary, or a nonperson beneficiary, and the timing of your death. The options described below assume that separate accounting for the inherited SIMPLE IRA is established by December 31 of the year following the year of your death. If separate accounting is not established by this date, your beneficiaries' options may be further limited, and payments may be accelerated. Beneficiaries should consult with their tax professional or attorney for a determination of their distribution options and payment calculations.

**Designated Beneficiary.** A designated beneficiary is an individual who is a beneficiary specified under the SIMPLE IRA. Certain see-through trusts may also qualify as a designated beneficiary under the SIMPLE IRA for purposes of determining available payment options and distribution calculations. For purposes of determining the RMD due after your death, a designated beneficiary is determined based on the beneficiaries designated as of the date of your death, who remain your beneficiaries as of September 30 of the year following the year of your death.

**Eligible Designated Beneficiary.** An eligible designated beneficiary is any designated beneficiary who, as of the date of your death, is one of the following:

- your surviving spouse,
- your child who has not reached age 21,
- a disabled individual (a physician must determine that the impairment can be expected to result in death or to be of long, continued, and indefinite duration),
- an individual who is not more than 10 years younger than you, or
- a chronically ill individual (the individual must have been certified by a licensed health care practitioner that, as of the date of the certification, the individual is someone who

- 1. is unable to perform (without substantial assistance from another individual) at least two activities of daily living for an indefinite period that is reasonably expected to be lengthy in nature due to a loss of functional capacity,
- 2. has a level of disability similar to the level of disability described above requiring assistance with daily living based on a loss of functional capacity, or
- 3. requires substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment).

(a) **Death Before Your Required Beginning Date.**

**Designated Beneficiary.** The entire amount remaining in your account will generally be distributed by December 31 of the year containing the tenth anniversary of your death unless you have an eligible designated beneficiary, or you have no designated beneficiary for purposes of determining a distribution period. This 10-year rule is not subject to an annual distribution requirement.

**Eligible Designated Beneficiary.** If your beneficiary is an eligible designated beneficiary, the beneficiary may choose to distribute the entire amount remaining in your account by using either the:

- (i) 10-year rule: This option requires a total distribution of the entire account by December 31 of the year containing the tenth anniversary of your death. No annual payment is required under this option.
- (ii) Life expectancy payment option: Annual payments taken over the remaining life expectancy of the eligible designated beneficiary.

If your spouse is your sole eligible designated beneficiary, he or she must elect either the 10-year rule or life expectancy payments by the earlier of December 31 of the year containing the tenth anniversary of your death, or December 31 of the year you would have attained the applicable age for RMDs. If no election is made, distributions will be made in accordance with the life expectancy payment option. All other eligible designated beneficiaries must elect either the 10-year rule or life expectancy payment option by December 31 of the year following the year of your death. If no election is made by an eligible designated beneficiary, payments will be made using the life expectancy payment option.

A nonspouse eligible designated beneficiary's remaining life expectancy is determined by using the beneficiary's age in the year following the year of your death to determine the factor from the IRS Single Life Expectancy table, reducing it by one in each subsequent year. A spouse beneficiary's remaining life expectancy is determined using the spouse beneficiary's age and the Uniform Lifetime Table each year, as permitted under the Treasury Regulations.

Note that certain trust beneficiaries (e.g., certain trusts for disabled and chronically ill individuals, and certain see-through trusts) may take a distribution of the amount remaining in your account over the remaining life expectancy of the designated beneficiary of the trust. The trustee of the trust is responsible for determining whether the trust is a see-through trust, the trust beneficiary's options, and the minimum payment required for the year. No trust paperwork is required to be provided to the SIMPLE IRA trustee or custodian.

Generally, life expectancy distributions to an eligible designated beneficiary must commence by December 31 of the year following the year of your death. However, if your spouse is the eligible designated beneficiary, distributions need not commence until December 31 of the year you would have attained the applicable age for RMDs (as described in the *Required Minimum Distributions* section above), if later. If your eligible designated beneficiary is your minor child, life expectancy payments must begin by December 31 of the year following the year of your death and continue until the child reaches the age of majority (age 21). Once the age of majority is reached, the beneficiary will have 10 years to deplete the account with annual payments continuing each year.

**No Designated Beneficiary.** If a beneficiary other than a person (e.g., your estate, a charity, or a trust that is not a see-through trust) is named, you will be treated as having no designated beneficiary of your SIMPLE IRA for purposes of determining the distribution period. If you die before your required beginning date and there is no designated beneficiary of your SIMPLE IRA, the entire SIMPLE IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

**Hypothetical RMD.** If your spouse beneficiary is using the ten-year rule and, before the tenth year, chooses to: 1) treat the SIMPLE IRA as his or her own SIMPLE IRA, 2) roll over the SIMPLE IRA to his or her own SIMPLE IRA, or 3) roll over the SIMPLE IRA to his or her own Traditional IRA or eligible employer-sponsored retirement plan (if two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer), a hypothetical RMD may need to be calculated and distributed. This amount is not eligible to roll over or be treated as the spouse's own SIMPLE IRA or Traditional IRA. If, in the year the spouse is treating the SIMPLE IRA as his or her own SIMPLE IRA or rolling over to his or her own SIMPLE IRA, Traditional IRA, or employer-sponsored retirement plan, the spouse beneficiary will attain the applicable age for RMDs or older, the spouse beneficiary must calculate and distribute a hypothetical RMD amount that would have been required had the life expectancy payment option applied instead of the ten-year option. This RMD amount must be calculated and distributed for each year, beginning with the later of the year the SIMPLE IRA owner or the spouse beneficiary would have attained the applicable age for RMDs and for each year until the year the transaction moving the SIMPLE IRA to the spouse beneficiary's own IRA or plan occurs. The amount is calculated using the spouse beneficiary's life expectancy in those years determined using the Uniform Lifetime Table. For additional information on hypothetical RMD requirements, you may wish to obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

**(b) Death On or After Your Required Beginning Date.**

**Designated Beneficiary.** A portion of your account must continue to be distributed annually to your designated beneficiary. The amount of the distribution must be determined using the longer of your single life expectancy in the year of death, reduced by one each year, or the beneficiary's single life expectancy in the year after the year of your death, reduced by one each year. In addition, the account must be depleted by the earlier of December 31 of the year containing the tenth anniversary of your death or December 31 of the year the single life expectancy factor is equal to, or less than, one.

**Eligible Designated Beneficiary.** If your beneficiary is a nonspouse eligible designated beneficiary, the beneficiary may continue to distribute the amount remaining in your account over the longer of your single life expectancy in the year of death, reduced by one each year, or the beneficiary's single life expectancy in the year after the year of your death, reduced by one each year. Spouse beneficiaries may use the longer of your single life expectancy in the year of death, reduced by one each year, or the spouse beneficiary's life expectancy each year determined by using the Uniform Lifetime Table, as permitted under the Treasury Regulations. A minor child who is your beneficiary must continue the payments annually based upon the beneficiary's single life expectancy in the year after death, reduced by one, and must deplete the account by December 31 of the year the beneficiary attains age 31.

Note that certain trust beneficiaries (e.g., certain trusts for disabled and chronically ill individuals, and certain see-through trusts) may take a distribution of the amount remaining in your account over the longer of your single life expectancy or the remaining life expectancy of the beneficiary of the trust. The trustee of the trust is responsible for determining whether the trust is a see-through trust, the trust beneficiary's options, and the minimum payment required for the year. No trust paperwork is required to be provided to the SIMPLE IRA trustee or custodian.

**No Designated Beneficiary.** If you die on or after your required beginning date and there is no designated beneficiary of your SIMPLE IRA, distributions will continue to the beneficiary using your single life expectancy in the year of your death, reduced by one in each subsequent year.

**Year of Death RMD.** If you die before satisfying the RMD amount for the year, to avoid a 25 percent excess accumulation penalty tax a beneficiary must remove the remaining year-of-death RMD no later than the tax-filing deadline (including extensions thereof) for the taxable year of that beneficiary that begins with or within that calendar year (or, if later, the last day of the calendar year following the year of your death).

- (c) **Special Rules for Spouse Beneficiaries.** A spouse who is the sole eligible designated beneficiary of your entire SIMPLE IRA will be deemed to elect to treat your SIMPLE IRA as his or her own by either (1) transferring it to a SIMPLE IRA in the spouse beneficiary's name, (2) making contributions to your SIMPLE IRA or (3) failing to timely remove an RMD, other than the year of death RMD, from your SIMPLE IRA. Regardless of whether the spouse is the sole eligible designated beneficiary of your IRA, a spouse beneficiary may roll over his or her share of the assets to his or her own SIMPLE IRA. If two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer, the spouse beneficiary may also roll over to his or her own Traditional IRA or eligible employer-sponsored retirement plan.

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

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



K. **Missed RMD** – If you, or your beneficiary upon your death, fail to timely remove an RMD, an excess accumulation penalty tax of 25 percent is imposed on the amount of the RMD that should have been taken but was not. If the failure to take an RMD is corrected in a timely manner, the penalty tax is reduced to 10 percent. You or your beneficiary upon your death, must file IRS Form 5329 along with the income tax return to report and remit any additional taxes to the IRS.

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

L. **Qualifying Longevity Annuity Contracts and RMDs** – A qualifying longevity annuity contract (QLAC) is a deferred annuity contract that, among other requirements, must guarantee lifetime income starting no later than age 85.

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

For more information on QLACs, you may wish to refer to the IRS website at [www.irs.gov](http://www.irs.gov).

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

**INCOME TAX CONSEQUENCES OF ESTABLISHING A SIMPLE IRA**

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

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

B. **Contribution Deadline** – SIMPLE IRA deferral contributions must be deposited into the SIMPLE IRA as soon as administratively possible, but in no event later than 30 days following the month in which you would have otherwise received the money. Employer matching or nonelective contributions must be deposited no later than the due date for filing the employer's tax return, including extensions.

C. **Tax Credit for Contributions** – You may be eligible to receive a tax credit for your SIMPLE IRA deferrals. This credit may not exceed \$1,000 in a given year. You may be eligible for this tax credit if you are

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

The credit is based upon your income (see chart below) and will range from 0 to 50 percent of eligible contributions. In order to determine the amount of your contributions, add all of the deferrals made to your SIMPLE IRA and reduce these contributions by any distributions that you may have taken during the testing period. The testing period begins two years prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your contributions that do not exceed \$2,000.

2024 Adjusted Gross Income*						Applicable Percentage
Joint Return		Head of Household		All Other Cases		
Over	Not Over	Over	Not Over	Over	Not Over	
	\$46,000		\$34,500		\$23,000	50
\$46,000	\$50,000	\$34,500	\$37,500	\$23,000	\$25,000	20
\$50,000	\$76,500	\$37,500	\$57,375	\$25,000	\$38,250	10
\$76,500		\$57,375		\$38,250		0

2025 Adjusted Gross Income*						Applicable Percentage
Joint Return		Head of Household		All Other Cases		
Over	Not Over	Over	Not Over	Over	Not Over	
	\$47,500		\$35,625		\$23,750	50
\$47,500	\$51,000	\$35,625	\$38,250	\$23,750	\$25,500	20
\$51,000	\$79,000	\$38,250	\$59,250	\$25,500	\$39,500	10
\$79,000		\$59,250		\$39,500		0

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

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

E. **Excess Contributions** – If you defer more than the maximum allowable limit for the tax year, you have an excess deferral and must correct it. Excess deferrals, adjusted for earnings, must be distributed from your SIMPLE IRA.

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

F. **Income Tax Withholding** – Ten percent federal income tax withholding will be applied to a withdrawal from your SIMPLE IRA unless you choose to withhold a different amount or elect not to have withholding apply. We are not required to withhold taxes from any distribution that we reasonably believe is not taxable.

G. **Early Distribution Penalty Tax** – If you receive a SIMPLE IRA distribution before you attain age 59½, an additional early distribution penalty tax of 10 percent (25 percent if less than two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer) will apply to the taxable amount of the distribution unless one of the following exceptions apply. **1) Death.** After your death, payments made to your beneficiary are not subject to the 10 percent early distribution penalty tax. **2) Disability.** If you are disabled at the time of distribution, you are not subject to the additional 10 percent early distribution penalty tax. In order to be disabled, a physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration. **3) Substantially equal periodic payments.** You are not subject to the additional 10 percent early distribution penalty tax if you are taking a series of substantially equal periodic payments (at least annual payments) over your life expectancy or the joint life expectancy of you and your beneficiary. You must continue these payments for the longer of five years or until you reach age 59½. **4) Unreimbursed medical expenses.** If you take payments to pay for unreimbursed medical expenses that exceed a specified percentage of your adjusted gross income, you will not be subject to the 10 percent early distribution penalty tax. For further detailed information and effective dates you may obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the



IRS. The medical expenses may be for you, your spouse, or any dependent listed on your tax return. **5) Health insurance premiums.** If you are unemployed and have received unemployment compensation for 12 consecutive weeks under a federal or state program, you may take payments from your SIMPLE IRA to pay for health insurance premiums without incurring the 10 percent early distribution penalty tax. **6) Higher education expenses.** Payments taken for certain qualified higher education expenses for you, your spouse, or the children or grandchildren of you or your spouse, will not be subject to the 10 percent early distribution penalty tax. **7) First-time homebuyer.** You may take payments from your SIMPLE IRA to use toward qualified acquisition costs of buying or building a principal residence. The amount you may take for this reason may not exceed a lifetime maximum of \$10,000. The payment must be used for qualified acquisition costs within 120 days of receiving the distribution. **8) IRS levy.** Payments from your SIMPLE IRA made to the U.S. government in response to a federal tax levy are not subject to the 10 percent early distribution penalty tax. **9) Qualified reservist distributions.** If you are a qualified reservist member called to active duty for more than 179 days or an indefinite period, the payments you take from your SIMPLE IRA during the active-duty period are not subject to the 10 percent early distribution penalty tax. **10) Qualified birth or adoption.** Payments from your SIMPLE IRA for the birth of your child or the adoption of an eligible adoptee will not be subject to the 10 percent early distribution penalty tax if the distribution is taken during the one-year period beginning on the date of birth of your child or the date on which your legal adoption of an eligible adoptee is finalized. An eligible adoptee means any individual (other than your spouse's child) who has not attained age 18 or is physically or mentally incapable of self-support. The aggregate amount you may take for this reason may not exceed \$5,000 for each birth or adoption. **11) Terminal illness.** Payments from your SIMPLE IRA made because you are terminally ill are not subject to the 10 percent early distribution penalty tax. You are terminally ill if you have been certified by a physician, in accordance with documentation requirements to be established by the IRS, as having an illness or physical condition that can reasonably be expected to result in death in 84 months or less after the date of the certification. **12) Qualified disaster recovery distribution.** If you are an affected SIMPLE IRA owner in a federally declared disaster area who has sustained an economic loss by reason of such qualified disaster, you may take up to \$22,000 per disaster from your SIMPLE IRA without incurring the 10 percent early distribution penalty tax. **13) Domestic abuse.** If you are a victim of domestic abuse you may withdraw up to \$10,000 (subject to possible cost-of-living adjustments each year beginning in 2025) or 50% of your SIMPLE IRA balance, whichever is less, within one year of the abuse without incurring the 10 percent early distribution penalty tax. **14) Emergency personal expenses.** You may take one withdrawal in a calendar year as an emergency personal expense distribution for purposes of meeting unforeseeable or immediate financial needs relating to necessary personal or family emergency expenses, without incurring the 10 percent early distribution penalty tax. The amount that may be treated as an emergency personal expense distribution in any calendar year is \$1,000 or the total balance in your SIMPLE IRA over \$1,000, determined as of the date of each such distribution, whichever is less. No further emergency personal expense distributions are allowed during the immediately following three calendar years unless repayment occurs, or you have made SIMPLE IRA contributions after the previous distribution in an amount at least equal to the previous distribution that has not been repaid.

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

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

1. **SIMPLE IRA-to-SIMPLE IRA Transfers.** You may transfer your SIMPLE IRA to another SIMPLE IRA at any time with no limits on the number of transfers that may be completed in a 12-month period. A transfer is the movement of assets directly from one SIMPLE IRA to another and is not subject to taxation or the early distribution penalty tax. You may not transfer a SIMPLE IRA to a Roth IRA.
2. **SIMPLE IRA-to-SIMPLE IRA Rollovers.** Assets distributed from your SIMPLE IRA may be rolled over to a SIMPLE IRA of yours if the requirements of IRC Sec. 408(d)(3) are met.
3. **Traditional IRA-to-SIMPLE IRA Rollovers and Transfers.** Assets from your Traditional IRA may be rolled over or transferred to a SIMPLE IRA if the requirements of IRC Sec. 408(d)(3) are met and two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer.
4. **SIMPLE IRA-to-Traditional IRA Rollovers and Transfers.** Assets from your SIMPLE IRA may be rolled over or transferred to a Traditional IRA provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer.
5. **IRA-to-IRA Rollover Restrictions.** A distribution that is payable to you and is eligible to be rolled over from any IRA must be rolled over within 60 days after the distribution is received. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days.

Only one distribution from any IRA (Traditional, Roth, or SIMPLE) may be rolled over to another IRA in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover.

If you are required to take an RMD for the year, you must remove all of your RMDs for the year for all of your IRAs before rolling over a distribution from any Traditional or SIMPLE IRA. The first distribution taken from your IRA will go toward satisfying your RMD and may not be rolled over.

For more information on rollover limitations, you may obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

6. **Employer-Sponsored Retirement Plan-to-SIMPLE IRA Rollovers.** You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer-sponsored retirement plan to a SIMPLE IRA provided two years have passed since you first participated in the SIMPLE IRA plan sponsored by your employer. An eligible rollover distribution is defined generally as any

distribution from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan unless it is a required minimum distribution, hardship distribution, part of a certain series of substantially equal periodic payments, corrective distributions of excess contributions, excess deferrals, excess annual additions and any income allocable to the excess, deemed loan distribution, dividends on employer securities, the cost of life insurance coverage, or a distribution of designated Roth account assets from a 401(k), 403(b), governmental 457(b), or federal Thrift Savings Plan.

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

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

**7. SIMPLE IRA-to-Employer-Sponsored Retirement Plan Rollovers.**

You may roll over, directly or indirectly, any eligible rollover distribution from a SIMPLE IRA to an employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan, provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. The employer-sponsored retirement plan, however, must allow for such rollover contributions.

**8. SIMPLE IRA-to-Roth IRA Conversions.**

You are eligible to convert all or any portion of your existing SIMPLE IRA(s) into your Roth IRA(s), provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. If you convert to a Roth IRA, the amount of the conversion from your SIMPLE IRA to your Roth IRA will be treated as a distribution for income tax purposes and is includible in your gross income. Although the conversion amount generally is included in income, the 10 percent early distribution penalty tax will not apply to conversions from a SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent early distribution penalty tax. If you are required to take an RMD for the year, you must remove all of your RMDs for all of your IRAs before converting your SIMPLE IRA.

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

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

**I. Repayments of Certain Distributions.**

- 1. Qualified Birth or Adoption Distributions.** If you have taken a qualified birth or adoption distribution, you may generally pay all or a portion of the aggregate amount of such distribution to a SIMPLE IRA at any time during the three-year period beginning on the day after the date on which such distribution was received. In the case of a qualified birth or adoption distribution made on or before December 29, 2022, the deadline to repay the distribution is December 31, 2025.
- 2. Terminal Illness Distributions.** If you have taken a distribution due to a terminal illness, you may generally pay all or a portion of the aggregate amount of such distribution to a SIMPLE IRA at any time during the three-year period beginning on the day after the date on which such distribution was received.
- 3. Domestic Abuse Distributions.** If you have taken a distribution because you are a victim of domestic abuse, you may generally pay all or a portion of the aggregate amount of such distribution to a SIMPLE IRA at any time during the three-year period beginning on the day after the date on which such distribution was received.
- 4. Emergency Personal Expense Distributions.** If you had taken an emergency personal expense distribution, the distribution may be repaid within a three-year period. No further emergency personal expense distributions are allowed during the immediately following three calendar years unless repayment occurs, or you have made SIMPLE IRA contributions after the previous distribution in an amount at least equal to the previous distribution that has not been repaid.
- 5. Qualified Disaster Recovery Distributions.** If you have taken a qualified disaster recovery distribution, the distribution may be recontributed to a SIMPLE IRA at any time during the three-year period beginning on the day after the date on which such distribution was received.

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

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

**LIMITATIONS AND RESTRICTIONS**

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

## OTHER

- A. **IRS Plan Approval** – Articles I through VII of the agreement used to establish this SIMPLE IRA have been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.
- B. **Additional Information** – For further information on SIMPLE IRAs, you may wish to obtain IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, or Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, by calling 800-TAX-FORM, or by visiting [www.irs.gov](http://www.irs.gov) on the Internet.
- C. **Important Information About Procedures for Opening a New Account** – To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. Therefore, when you open a SIMPLE IRA, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.
- D. **Qualified Reservist Distributions** – If you are an eligible qualified reservist who has taken penalty-free qualified reservist distributions from your SIMPLE IRA or retirement plan, you may recontribute those amounts to an IRA generally within a two-year period from your date of return.
- E. **Disaster Related Relief** – If you qualify (for example, you sustained an economic loss due to, or are otherwise considered affected by, a federally-declared disaster in a specified disaster area), you may be eligible for favorable tax treatment on distributions, rollovers, and other transactions involving your SIMPLE IRA. Qualified disaster relief includes an automatic 60-day extension to perform certain acts and may include penalty-tax free early distributions made during specified timeframes for each disaster, the ability to include distributions in your gross income ratably over multiple years, the ability to roll over distributions to an eligible retirement plan without regard to the 60-day rollover rule, and more.

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

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

For additional information on specific disasters, including a complete listing of disaster areas, qualification requirements for relief, and allowable disaster-related SIMPLE IRA transactions, you may wish to obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

# IRA FINANCIAL DISCLOSURE

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

The financial organization should complete the financial disclosure using Method I, Method II, or Method III. If the growth of the IRA can reasonably be projected, use either Method I or Method II. The account values projected using Method I or Method II must be reduced by all applicable fees and penalties. If annual fees are assessed, such as an annual service fee, use Method II. If no projection of growth of the IRA can reasonably be shown, use Method III.

## METHOD I Growth can be projected (Do not use Method I if an annual fee is charged. Instead, use Method II for financial projections.)

Your Age on Your Birth Date This Year \_\_\_\_\_ Length of Time Deposit (If applicable) \_\_\_\_\_

The charts below give projections of the value of your IRA by showing the amount available at the end of each year. These projections assume an interest rate of .25%, compounded annually. If you have invested your IRA in a time deposit, a loss-of-earnings penalty may be charged against a withdrawal before maturity. A transaction fee may also apply to your IRA.

The Regular Contribution chart assumes that an annual contribution of \$1,000 is made on the first day of each year. The Rollover, Transfer, or Conversion\* chart assumes that a one-time deposit of \$1,000 is made on the first day of the first year.

Indicate the projected account value for each of the years, taking into consideration any applicable loss of earnings penalty or other fees assessed if the IRA owner received a distribution at the end of the year for which the projection is being made. First, circle the year-end projected IRA value that is applicable for each of the first five years. Next, circle the applicable IRA value for the years in which the IRA owner will attain ages 60, 65, and 70.

REGULAR CONTRIBUTION						ROLLOVER, TRANSFER, OR CONVERSION*					
FINANCIAL PROJECTIONS WITH .25% RATE OF INTEREST						FINANCIAL PROJECTIONS WITH .25% RATE OF INTEREST					
NO. YRS	ACCOUNT VALUE	1 MONTH PENALTY	3 MONTH PENALTY	6 MONTH PENALTY	AMT. AFTER FEES AND PENALTIES	NO. YRS	ACCOUNT VALUE	1 MONTH PENALTY	3 MONTH PENALTY	6 MONTH PENALTY	AMT. AFTER FEES AND PENALTIES
1	\$1,002.50	\$1,002.29	\$1,001.87	\$1,001.25		1	\$1,002.50	\$1,002.29	\$1,001.87	\$1,001.25	
2	2,007.51	2,007.09	2,006.25	2,005.00		2	1,005.01	1,004.80	1,004.38	1,003.75	
3	3,015.03	3,014.40	3,013.14	3,011.26		3	1,007.52	1,007.31	1,006.89	1,006.26	
4	4,025.06	4,024.22	4,022.55	4,020.03		4	1,010.04	1,009.83	1,009.41	1,008.78	
5	5,037.63	5,036.58	5,034.48	5,031.33		5	1,012.56	1,012.35	1,011.93	1,011.30	
6	6,052.72	6,051.46	6,048.94	6,045.15		6	1,015.09	1,014.88	1,014.46	1,013.83	
7	7,070.35	7,068.88	7,065.93	7,061.51		7	1,017.63	1,017.42	1,017.00	1,016.36	
8	8,090.53	8,088.84	8,085.47	8,080.41		8	1,020.18	1,019.96	1,019.54	1,018.90	
9	9,113.25	9,111.35	9,107.56	9,101.86		9	1,022.73	1,022.51	1,022.09	1,021.45	
10	10,138.54	10,136.42	10,132.20	10,125.86		10	1,025.28	1,025.07	1,024.64	1,024.00	
11	11,166.38	11,164.06	11,159.40	11,152.42		11	1,027.85	1,027.63	1,027.20	1,026.56	
12	12,196.80	12,194.26	12,189.18	12,181.55		12	1,030.42	1,030.20	1,029.77	1,029.13	
13	13,229.79	13,227.03	13,221.52	13,213.25		13	1,032.99	1,032.78	1,032.35	1,031.70	
14	14,265.37	14,262.39	14,256.45	14,247.53		14	1,035.57	1,035.36	1,034.93	1,034.28	
15	15,303.53	15,300.34	15,293.96	15,284.40		15	1,038.16	1,037.95	1,037.51	1,036.87	
16	16,344.29	16,340.88	16,334.07	16,323.86		16	1,040.76	1,040.54	1,040.11	1,039.46	
17	17,387.65	17,384.03	17,376.78	17,365.91		17	1,043.36	1,043.14	1,042.71	1,042.06	
18	18,433.62	18,429.78	18,422.10	18,410.58		18	1,045.97	1,045.75	1,045.32	1,044.66	
19	19,482.20	19,478.14	19,470.02	19,457.85		19	1,048.58	1,048.37	1,047.93	1,047.27	
20	20,533.41	20,529.13	20,520.57	20,507.74		20	1,051.21	1,050.99	1,050.55	1,049.89	
21	21,587.24	21,582.74	21,573.75	21,560.26		21	1,053.83	1,053.61	1,053.17	1,052.52	
22	22,643.71	22,638.99	22,629.56	22,615.40		22	1,056.47	1,056.25	1,055.81	1,055.15	
23	23,702.82	23,697.88	23,688.00	23,673.19		23	1,059.11	1,058.89	1,058.45	1,057.79	
24	24,764.57	24,759.42	24,749.10	24,733.62		24	1,061.76	1,061.54	1,061.09	1,060.43	
25	25,828.99	25,823.61	25,812.84	25,796.70		25	1,064.41	1,064.19	1,063.75	1,063.08	
26	26,896.06	26,890.46	26,879.25	26,862.44		26	1,067.07	1,066.85	1,066.41	1,065.74	
27	27,965.80	27,959.97	27,948.32	27,930.84		27	1,069.74	1,069.52	1,069.07	1,068.40	
28	29,038.21	29,032.16	29,020.06	29,001.92		28	1,072.41	1,072.19	1,071.74	1,071.07	
29	30,113.31	30,107.04	30,094.49	30,075.67		29	1,075.10	1,074.87	1,074.42	1,073.75	
30	31,191.09	31,184.59	31,171.60	31,152.10		30	1,077.78	1,077.56	1,077.11	1,076.44	
31	32,271.57	32,264.85	32,251.40	32,231.23		31	1,080.48	1,080.25	1,079.80	1,079.13	
32	33,354.75	33,347.80	33,333.90	33,313.06		32	1,083.18	1,082.95	1,082.50	1,081.82	
33	34,440.64	34,433.46	34,419.11	34,397.58		33	1,085.89	1,085.66	1,085.21	1,084.53	
34	35,529.24	35,521.84	35,507.03	35,484.83		34	1,088.60	1,088.37	1,087.92	1,087.24	
35	36,620.56	36,612.93	36,597.67	36,574.78		35	1,091.32	1,091.10	1,090.64	1,089.96	
36	37,714.61	37,706.75	37,691.04	37,667.47		36	1,094.05	1,093.82	1,093.37	1,092.68	
37	38,811.40	38,803.31	38,787.14	38,762.88		37	1,096.79	1,096.56	1,096.10	1,095.42	
38	39,910.93	39,902.61	39,885.98	39,861.04		38	1,099.53	1,099.30	1,098.84	1,098.15	
39	41,013.20	41,004.66	40,987.57	40,961.94		39	1,102.28	1,102.05	1,101.59	1,100.90	
40	42,118.24	42,109.46	42,091.91	42,065.59		40	1,105.03	1,104.80	1,104.34	1,103.65	
41	43,226.03	43,217.03	43,199.02	43,172.00		41	1,107.80	1,107.56	1,107.10	1,106.41	
42	44,336.60	44,327.36	44,308.89	44,281.18		42	1,110.57	1,110.33	1,109.87	1,109.18	
43	45,449.94	45,440.47	45,421.53	45,393.13		43	1,113.34	1,113.11	1,112.65	1,111.95	
44	46,566.06	46,556.36	46,536.96	46,507.86		44	1,116.12	1,115.89	1,115.43	1,114.73	
45	47,684.98	47,675.04	47,655.18	47,625.37		45	1,118.92	1,118.68	1,118.22	1,117.52	
46	48,806.69	48,796.52	48,776.19	48,745.68		46	1,121.71	1,121.48	1,121.01	1,120.31	
47	49,931.21	49,920.81	49,900.00	49,868.79		47	1,124.52	1,124.28	1,123.81	1,123.11	
48	51,058.54	51,047.90	51,026.62	50,994.71		48	1,127.33	1,127.09	1,126.62	1,125.92	
49	52,188.68	52,177.81	52,156.06	52,123.45		49	1,130.15	1,129.91	1,129.44	1,128.73	
50	53,321.65	53,310.55	53,288.33	53,255.00		50	1,132.97	1,132.74	1,132.26	1,131.56	
51	54,457.46	54,446.11	54,423.42	54,389.39		51	1,135.80	1,135.57	1,135.09	1,134.38	
52	55,596.10	55,584.52	55,561.35	55,526.61		52	1,138.64	1,138.41	1,137.93	1,137.22	
53	56,737.59	56,725.77	56,702.13	56,666.67		53	1,141.49	1,141.25	1,140.78	1,140.06	
54	57,881.94	57,869.88	57,845.76	57,809.58		54	1,144.34	1,144.11	1,143.63	1,142.91	
55	59,029.14	59,016.84	58,992.25	58,955.35		55	1,147.20	1,146.97	1,146.49	1,145.77	
56	60,179.21	60,166.68	60,141.60	60,103.99		56	1,150.07	1,149.83	1,149.35	1,148.64	
57	61,332.16	61,319.38	61,293.83	61,255.50		57	1,152.95	1,152.71	1,152.23	1,151.51	
58	62,487.99	62,474.97	62,448.94	62,409.88		58	1,155.83	1,155.59	1,155.11	1,154.39	
59	63,646.71	63,633.45	63,606.93	63,567.15		59	1,158.72	1,158.48	1,158.00	1,157.27	
60	64,808.33	64,794.83	64,767.82	64,727.32		60	1,161.62	1,161.37	1,160.89	1,160.16	
61	65,972.85	65,959.11	65,931.62	65,890.38		61	1,164.52	1,164.28	1,163.79	1,163.07	
62	67,140.28	67,126.29	67,098.32	67,056.36		62	1,167.43	1,167.19	1,166.70	1,165.97	

\*Conversion applies to Roth IRAs only

## ADDITIONAL FINANCIAL DISCLOSURE INFORMATION

The account values shown are projections based on many assumptions. They are not guaranteed, but depend upon many factors, including the interest rates and terms of future funding instruments.

We may charge you fees in connection with your IRA. If we do not charge these fees now, we may do so in the future after giving you notice. If you do not pay these fees separately, they may be paid from the assets of your IRA.

## CURRENT FEES

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____



METHOD II Growth can be projected

The financial projections below show the amount that would be available if you were to withdraw your IRA assets at the indicated times. These projections are based on the following assumptions.

CONTRIBUTION (Select one)

- ☐ Regular. An annual \$1,000 deposit is made on the first day of each year.
- ☐ Rollover, Transfer, or Conversion.\* A one-time \$1,000 deposit is made on the first day of the first year.

Your Age on Your Birth Date in Contribution Year \_\_\_\_\_

Investment Instrument \_\_\_\_\_

Length of Time Deposit \_\_\_\_\_

Rate of Interest \_\_\_\_\_ %

Compounding Method \_\_\_\_\_

FINANCIAL PROJECTIONS

Number of Years in IRA Program	Total Accumulation of IRA Dollars	Amount After Fees and Penalties
1 Year	\$ _____	\$ _____
2 Years	\$ _____	\$ _____
3 Years	\$ _____	\$ _____
4 Years	\$ _____	\$ _____
5 Years	\$ _____	\$ _____

End of the Year You Reach Age	Total Accumulation of IRA Dollars	Amount After Fees and Penalties
60	\$ _____	\$ _____
65	\$ _____	\$ _____
70	\$ _____	\$ _____

ADDITIONAL FINANCIAL DISCLOSURE INFORMATION

The account values shown are projections based on many assumptions. These projections have been reduced by any applicable fees. They are not guaranteed, but depend upon many factors, including the interest rates and terms of future funding instruments.

We may charge you an annual service fee or other fees in connection with your IRA. If we do not charge these fees now, we may do so in the future after giving you notice. If you do not pay these fees separately, they may be paid from the assets of your IRA.

CURRENT FEES

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

\*Conversion applies to Roth IRAs only

METHOD III Growth cannot be projected

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

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

INVESTMENT OPTIONS

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

FEES

- There are certain fees and charges connected with your IRA investments. These fees and charges may include the following.
- Sales Commissions
  - Investment Management Fees
  - Distribution Fees
  - Set Up Fees
  - Annual Maintenance Fees
  - Surrender or Termination Fees

To find out what fees apply, refer to the investment prospectus or contract.

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

<input type="checkbox"/> Annual Service Fee	\$ _____
<input type="checkbox"/> Transfer Fee	\$ _____
<input type="checkbox"/> Rollover Fee	\$ _____
<input type="checkbox"/> Termination Fee	\$ _____
<input type="checkbox"/> Other (Explain)	_____

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

EARNINGS

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

OTHER

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

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

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

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

IRA plan under section 408(p) of the Internal Revenue Code and pursuant to the instructions contained in this form.

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

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

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

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

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

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

**2a Matching Contributions**

- (i)** For each calendar year, the Employer will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year.
- (ii)** The Employer may reduce the 3% limit for the calendar year in (i) only if:
- (1)** The limit is not reduced below 1%; **(2)** The limit is not reduced for more than 2 calendar years during the 5-year period ending with the calendar year the reduction is effective; and **(3)** Each employee is notified of the reduced limit within a reasonable period of time before the employees' 60-day election period for the calendar year (described in Article II, item 2a).

**b Nonelective Contributions**

- (i)** For any calendar year, instead of making matching contributions, the Employer may make nonelective contributions equal to 2% of compensation for the calendar year to the SIMPLE IRA of each eligible employee who has at least \$ \_\_\_\_\_ (not more than \$5,000) in compensation for the calendar year. No more than \$250,000\* in compensation can be taken into account in determining the nonelective contribution for each eligible employee.
- (ii)** For any calendar year, the Employer may make 2% nonelective contributions instead of matching contributions only if:
- (1)** Each eligible employee is notified that a 2% nonelective contribution will be made instead of a matching contribution; and
- (2)** This notification is provided within a reasonable period of time before the employees' 60-day election period for the calendar year (described in Article II, item 2a).

**3 Time and Manner of Contributions**

- a** The Employer will make the salary reduction contributions (described in 1 above) to the designated financial institution for the IRAs established under this SIMPLE IRA plan no later than 30 days after the end of the month in which the money is withheld from the employee's pay. See instructions.
- b** The Employer will make the matching or nonelective contributions (described in 2a and 2b above) to the designated financial institution for the IRAs established under this SIMPLE IRA plan no later than the due date for filing the Employer's tax return, including extensions, for the taxable year that includes the last day of the calendar year for which the contributions are made.

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

**Article IV—Other Requirements and Provisions**

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

**Article V—Definitions**

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

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

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

\* \* \* \* \*

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

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

\_\_\_\_\_  
Date

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

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

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

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

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Address

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

## Model Notification to Eligible Employees

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

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

### II. Employer Contribution Election

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

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

### III. Administrative Procedures

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

## Model Salary Reduction Agreement

### I. Salary Reduction Election

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

### II. Maximum Salary Reduction

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

### III. Date Salary Reduction Begins

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

### IV. Duration of Election

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

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

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



## General Instructions

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

### Purpose of Form

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

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

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

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

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

## Instructions for the Employer

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

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

1. Last calendar year, you had no more than 100 employees (including self-employed individuals) who earned \$5,000 or more in compensation from you during the year. If you have a SIMPLE IRA plan but later exceed this 100-employee limit, you will be treated as meeting the limit for the 2 years following the calendar year in which you last satisfied the limit.

2. You do not maintain during any part of the calendar year another qualified plan with respect to which contributions are made, or benefits are accrued, for service in the calendar year. For this purpose, a qualified plan (defined in section 219(g)(5)) includes a qualified pension plan, a profit-sharing plan, a stock bonus plan, a qualified annuity plan, a tax-sheltered annuity plan, and a simplified employee pension (SEP) plan. A qualified plan that only covers employees covered under a collective bargaining agreement for which retirement benefits were the subject of good faith bargaining is disregarded if

these employees are excluded from participating in the SIMPLE IRA plan.

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

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

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

### What Is a SIMPLE IRA Plan?

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

### When To Use Form 5305-SIMPLE

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

Do not use Form 5305-SIMPLE if:

1. You want to permit each of your eligible employees to choose a financial institution that will initially receive contributions. Instead, use Form 5304-SIMPLE, Savings Incentive Match Plan for Employees of Small Employers (SIMPLE)—Not for Use With a Designated Financial Institution;
2. You want employees who are nonresident aliens receiving no earned

income from you that is income from sources within the United States to be eligible under this plan; or

3. You want to establish a SIMPLE 401(k) plan.

### Completing Form 5305-SIMPLE

Pages 1 and 2 of Form 5305-SIMPLE contain the operative provisions of your SIMPLE IRA plan. This SIMPLE IRA plan is considered adopted when you have completed all appropriate boxes and blanks and it has been executed by you and the designated financial institution.

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

### Employee Eligibility Requirements (Article I)

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

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

### Salary Reduction Agreements (Article II)

As indicated in Article II, item 1, a salary reduction agreement permits an eligible employee to make an election to have his or her compensation for each pay period reduced by a percentage (expressed as a percentage or dollar amount). The total amount of the reduction in the employee's compensation cannot exceed the

applicable amount for any calendar year. The applicable amount is \$11,500 for 2012. After 2012, the \$11,500 amount may be increased for cost-of-living adjustments. In the case of an eligible employee who is 50 or older by the end of the calendar year, the above limitation is increased by \$2,500 for 2012. After 2012, the \$2,500 amount may be increased for cost-of-living adjustments.

### Timing of Salary Reduction Elections

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

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

You may use the *Model Salary Reduction Agreement* on page 3 to enable eligible employees to make or modify salary reduction elections.

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

### Contributions (Article III)

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

#### Salary Reduction Contributions

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

### Matching Contributions

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

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

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

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

### Nonelective Contributions

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

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

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

### Effective Date (Article VII)

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

## Additional Information

### Timing of Salary Reduction Contributions

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

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

### Definition of Compensation

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

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

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

## Employee Notification

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

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

You can use the *Model Notification to Eligible Employees* to satisfy these employee notification requirements for this SIMPLE IRA plan. A Summary Description must also be provided to eligible employees at this time. This summary description requirement may be satisfied by providing a completed copy of pages 1 and 2 of Form 5305-SIMPLE (including the Article VI Procedures for Withdrawals and Transfers from the SIMPLE IRAs established under this SIMPLE IRA plan).

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

## Reporting Requirements

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

## Deducting Contributions

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

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

## Choosing the Designated Financial Institution

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

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

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

## Instructions for the Designated Financial Institution

### Completing Form 5305-SIMPLE

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

### Summary Description

Each year the SIMPLE IRA plan is in effect, you must provide the employer the information described in section 408(l)(2)(B). This requirement may be satisfied by providing the employer a current copy of Form 5305-SIMPLE (including instructions) together with your

procedures for withdrawals and transfers from the SIMPLE IRAs established under this SIMPLE IRA plan. The summary description must be received by the employer in sufficient time to comply with the *Employee Notification* requirements on this page.

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

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

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

**Recordkeeping** . . . . 3 hr., 38 min.

**Learning about the law or the form** . . . . 2 hr., 26 min.

**Preparing the form** . . . . 47 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:M:S, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send this form to this address. Instead, keep it for your records.

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### **APPLICATIONS MUST BE PRECEDED OR ACCOMPANIED BY A TIMOTHY PLAN PROSPECTUS.**

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