



MOUNTAIN WEST IRA

INDIVIDUAL RETIREMENT ACCOUNT STARTER KIT

SEP IRA

13905 W. Wainwright Dr.
Boise, ID 83713
P: (866) 377-3311 | F: (208) 376-4567



INTERNAL USE ONLY:

Client account number: An account number will be assigned by the administrator and mailed to you.

1. PARTICIPANT INFORMATION

Mr. Ms. Mrs. Dr. Name:

Table with 3 columns: Date of birth (M/D/Y), Social Security Number (Required), Email Address

Home Phone: Cell Phone: Fax:

Legal Address (Required):

City: State: ZIP: County (Required):

Mailing Address (Optional):

City: State: ZIP: County (Required):

Marital Status: Single Married (see Consent of Spouse) Widowed/Divorced

Occupation (Required): How did you hear about us?: (If retired, please list previous occupation)

2. ACCOUNT TYPE (Please select one)

Table with 3 columns: Traditional IRA, Roth IRA (If performing Roth conversion, attach Roth Conversion Form), SEP IRA, SIMPLE IRA, Beneficiary IRA

3. NOTIFICATIONS

Table with 2 columns: Would you like to receive your statements online?, Would you like to receive email notifications of changes to your account?

4. ACCOUNT FUNDING

Table with 4 columns: Annual Contribution, Transfer Contribution, Rollover Contribution, Direct Rollover Contribution

5. INTERESTED PARTY DESIGNATION

I hereby authorize the following representative as an interested party on my self-directed IRA. I understand this named representative will have access to my account details, balance, holdings, and any other account activity.

Please choose a password for your Interested Party Designee (IPD). Mountain West IRA will verify IPDs by confirming the password. You are responsible for providing your IPD with this password.

IPD Password:

Table with 3 columns: Name (Individuals Only), Phone, Email



6. BENEFICIARY DESIGNATION

Account Holder: I, _____, designate the following person(s) named below as my primary and/or Contingent Beneficiaries of my plan. If the Primary or Contingent box is not checked for a beneficiary, the beneficiary will be deemed to be a Primary Beneficiary. In the event of my death, the balance in the account shall be paid to the Primary Beneficiaries who survive me in equal shares (or in the specified shares, as indicated). If none of the Primary Beneficiaries survive me, the balance in the account shall be paid to the Contingent Beneficiaries whose survive me in equal shares (or in the specified shares, as indicated). If any Primary or Contingent Beneficiary does not survive me, such beneficiary's interest and the interest of such beneficiary's heirs shall terminate completely, and the share for any remaining Primary or Contingent Beneficiary shall be increased on a pro-rata basis. If no Primary or Contingent Beneficiary survives me, the remaining balance in the account shall be distributed in accordance with the plan provisions to my estate. If no beneficiaries are named, my estate will be my beneficiary.

I elect not to designate beneficiaries at this time and understand that I may designate beneficiaries at a later date.

Primary Contingent Name: _____ SSN: _____ Birthdate: _____
Address: _____ Relationship: _____
City: _____ State: _____ ZIP: _____ Share: _____ %

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Primary Contingent Name: _____ SSN: _____ Birthdate: _____
Address: _____ Relationship: _____
City: _____ State: _____ ZIP: _____ Share: _____ %

CONSENT OF SPOUSE

(Only required if your spouse is not the primary beneficiary)

I consent to the above Beneficiary Designation.

Signature of Spouse: _____ Date: _____

Note: Consent of the Participant's Spouse may be required in a community property or marital property state to effectively designate a beneficiary other than or in addition to the Participant's Spouse.) Disclaimer for Community and Marital Property States: The Participant's Spouse may have a property interest in the account and the right to dispose of the interest by will. Therefore, the Custodian disclaims any warranty as to the effectiveness of the Participant's beneficiary designation or as to the ownership of the account after the death of the Participant's Spouse. For additional information, please consult your legal advisor.



IRA APPLICATION

7. FEE SCHEDULE

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Phone: (866) 377-3311
Fax: (208) 376-4567

1. ACCOUNT INFORMATION

Your Name: _____ Account No.: _____ Email: _____

2. ACCOUNT ESTABLISHMENT FEE

\$50 One-time account establishment fee, per account.

Fee is due when application is received. New accounts that do not fund within thirty (30) days may be closed at Administrator's discretion.

3. RECORDKEEPING FEES *(Please choose one)*

OPTION ONE: Based on Number of Assets

Billed upon initial funding, quarterly thereafter.

\$85 Per Quarter, Per Asset and / or Liability

- \$537.50 Maximum Quarterly Fee
- Liabilities include non-recourse loans
- \$30 / quarter if ONLY cash is held in the account

Asset Transaction Processing Fees

Purchase, Sale, or Re-Registration of Asset* and / or Liability:

- Real Estate: **\$150**
- Non-Real Estate: **\$95**

Purchase, sale, and re-registration of asset fees* are charged at time transaction is processed.

*Re-registration of asset fees do not apply to incoming assets.

Recordkeeping fees are not pro-rated and are non-refundable.

OPTION TWO: Based on Total Account Value

Billed upon first asset purchase, annually thereafter.

(\$30 / quarter until first asset is purchased)

Total Market Value	Annual Fee
\$1 - \$9,999.99	\$200
\$10,000 - \$14,999.99	\$225
\$15,000 - \$29,999.99	\$275
\$30,000 - \$44,999.99	\$375
\$45,000 - \$59,999.99	\$475
\$60,000 - \$89,999.99	\$550
\$90,000 - \$124,999.99	\$700
\$125,000 - \$174,999.99	\$900
\$175,000 - \$249,999.99	\$1,100
\$250,000 - \$399,999.99	\$1,430
\$400,000 - \$499,999.99	\$1,650
\$500,000 - \$599,999.99	\$1,730
\$600,000 - \$749,999.99	\$1,850
\$750,000 +	\$2,150 (Maximum)

Asset Transaction Processing Fees

Purchase, Sale, or Re-Registration of Asset and / or Liability:

- Real Estate: **\$0**
- Non-Real Estate: **\$0**

Recordkeeping fees are not pro-rated and are non-refundable.

4. SERVICE FEES

ACH / Check <i>(Outgoing)</i>	\$5	Internal Transfer	\$50
Cashier's Check <i>(Or other official bank check)</i>	\$20	Notary	FREE
Certified Mail	\$10	Overnight Mail	\$50
Contribution ¹	FREE	Paper Statement <i>(Electronic statement no charge)</i>	\$15 / quarter
Distribution - Cash ¹	FREE	Returned Item	\$35
Exchange of Non-Real Estate Asset	\$95	Roth Conversion / Re-characterization	\$50
Exchange of Real Estate Asset	\$150	Special Service & Legal Research	\$150 / hour
Expedited ACH / Check or Distribution Processing	\$25	Stop Payment Request	\$35
Expedited Investment Processing	\$95	Termination of Account - Complete ^{1,2}	\$150
Fair Market Valuation Acquired by MWIRA	\$100	Transfer - Outgoing Partial ^{1,2}	\$95
Fee Option Change	\$50	Wire Transfer <i>(Domestic - Incoming / Outgoing)</i>	\$25
Individual (k) Plan Document <i>(Per Plan EIN)</i>	\$300 / year	Wire Transfer <i>(International - Incoming / Outgoing)</i>	\$75
In-Kind Distribution / In-Kind Transfer ^{1,2}	\$95		

1 ACH, check or wire fees may apply
2 Re-registration of asset fees may apply



IRA APPLICATION
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5. FEE PAYMENT METHOD

All ongoing fees will be paid via the selected payment method below. (Please choose one)

CREDIT CARD

(Complete CC info - All major credit cards accepted)

FUND FROM ACCOUNT

CHECK

Credit Card Number: Exp. Date:

Exact Name on Card: Security Code:

Billing Address: City: ZIP:

Signature:

CHARGE CREDIT CARD FOR ACCOUNT ESTABLISHMENT FEE

Please indicate the payment method you wish to use to pay ongoing fees in the box to the left.

BILL THIRD PARTY - Name of Third Party:

Phone No.: Email:

Address: City: State: ZIP:

Third party must be pre-arranged through Mountain West IRA. Although investment sponsors or financial advisors may offer to pay your fees, you, the account holder, are personally responsible for payment of all fees.

6. DISCLOSURE & SIGNATURE

Recordkeeping Fees: Recordkeeping fees are not pro-rated or refundable upon account closing and are normally withdrawn from your undirected funds unless you submit payment before the due date by check, credit, or debit card.

Late Fees: When recordkeeping fees are not paid within thirty (30) days a late fee will be assessed. Option One late fee: \$25 each unpaid quarter; Option Two late fee: \$75 each unpaid year.

Re-Registration of Asset Fees: If your account is on the Option One fee structure, you will be charged an asset re-registration fee each time an asset is transferred into or out of your Mountain West IRA account.

Fair Market Valuation Acquired by MWIRA Fees: Mountain West IRA (MWIRA) requires you to submit a Fair Market Valuation Form (FMV) with supporting valuation documents every twelve (12) months for each non-cash asset held in your account.

Failure to Pay Fees: Mountain West IRA reserves the right to collect fees not paid within thirty (30) days from your account, regardless of your elected payment method.

Minimum Cash Balance: Mountain West IRA requires all accounts that do not have a credit card on file to maintain a minimum \$500 cash balance to cover administrative fees that may occur.

Account Termination: When you terminate and close your account, you agree to pay a termination fee of \$150, all outstanding fees owed, plus applicable asset re-registration and / or service fees for each asset that is sold, distributed, transferred, or resigned on.

You agree and direct Mountain West IRA that your undirected cash is placed in government insured instruments, including FDIC insured banks, unless we are otherwise directed by you.

Mountain West IRA reserves the right to adjust the Fee Schedule at any time and agrees to provide you with notice through email thirty (30) days in advance of the effective change.

Account Holder's Signature: Date:

8. PROHIBITED TRANSACTION SIGNATURE PAGE

It is important to understand that “**You**” and “**your IRA**” are different, and your trustee or custodian acts on behalf of your IRA based on your direction. By inference, it is clear that “you” or any other disqualified person **can never** “buy from” or “sell to” your own IRA.

You must open an Individual Retirement Account, and then direct the purchase of an asset through a direction of investment form. A prohibited transaction is generally defined as the improper use of your IRA by you or any disqualified person or entity.

Disqualified persons and/or entities include, but are not limited to:

- The IRA holder and his or her spouse
- The IRA holder’s ancestors, lineal decedents and their spouses
- Investment advisors or managers
- Any corporation, partnership, trust or investment in which the IRA holder already has a 50% or greater interest
- Anyone providing services to the IRA such as the trustee or custodian
- Your plan may NOT, directly or indirectly, buy, sell, exchange, or lease any property to or from you or a disqualified person and/or entity. This includes lending money or extending credit. Your plan cannot furnish goods, services, or facilities to you or another disqualified person and/or entity. Neither you nor another disqualified person and/or entity can transfer assets to each other or use/benefit from any assets in the plan.

For a full explanation of disqualified persons and/or entities, please read Internal Revenue Code (IRC) §4975.
www.irs.gov

Prohibited transactions (self-dealing) are those transactions that violate the basic intent of your IRA. They do not impose unacceptable limitations. On the contrary, there are numerous methods which do not violate the law that can be used to meet your long term objectives, and allow you to get the most out of your plan. A complete understanding of the applicable rules is encouraged, in order that you realize all the benefits available to you in directing your IRA. Please contact an ERISA attorney or your tax advisor with questions regarding your personal situation.

Loans to IRAs:

IRC §§511-514 allow for non-recourse lending to IRAs for the purchase of real estate in IRAs:

- Loans must have no recourse against the IRA, the IRA holder, or other disqualified persons or entities.
- Loans must be made by a third party not related to the IRA holder.
- IRAs with loans on assets owned by the IRA must file a 990-T unrelated debt-financed tax return annually. This tax return is procured by the IRA owner, then signed and submitted by the IRA administrator with any taxes owed by the IRA. **Taxes due may not be paid outside the IRA.**

Please sign this document and return to Mountain West IRA, Inc. indicating that you understand these IRA Prohibited Transaction and Self-Dealing Issues.

Participant's Signature: _____ **Date:** _____

IRA APPLICATION

9. APPLICATION SIGNATURE PAGE

Custodian and Administrator: The Custodian for my account will be Empire Trust, Inc. and the Administrator for my account will be Mountain West IRA, Inc. I understand that the Custodian and Administrator may resign by giving me written notice at least 30 days prior to the effective date of such resignation. I understand that if I fail to notify the Administrator of the appointment of a successor trustee or Custodian within such 30 day period, then the assets held in my account by the Custodian (whether in cash or an investment or real property, wherever located and regardless of value) will be distributed to me outright and free of trust and I will be wholly responsible for the tax consequences of such distribution.

Adequate Information: I understand that the terms and conditions, which apply to this Account, are contained in these documents. I agree to be bound by those terms and conditions. If this is an IRA, I understand that within seven (7) days from the date that I open this Account, I may revoke it without penalty by mailing or delivering a written notice to the Custodian.

No Tax, Legal or Investment Advice: I acknowledge and agree that the Custodian and the Administrator do not provide or assume responsibility for any tax, legal or investment advice with respect to the investments and assets in my account, and will not be liable for any loss which results from my exercise of control over my account. I understand that my account is self-directed and I take complete responsibility for any investments I choose for my account. I further understand and agree that neither the Custodian nor the Administrator sells or endorses any investment products. If the services of the Custodian and the Administrator were marketed, suggested or otherwise recommended by any person or entity such as a financial representative or investment promoter, I understand that such persons are not in any way agents, employees, representative, affiliates, partners, independent contractors, consultants, or subsidiaries of the Custodian or the Administrator, and that the Custodian and Administrator are not responsible for and are not bound by any statements, representations, warranties or agreements made by any such person or entity. I agree to consult with my own CPA, attorney, financial planner or other professional prior to directing the Administrator to make any investment in my account.

Prohibited Transactions: I understand that my account is subject to the provisions of § 4975 of the Internal Revenue Code, which defines certain prohibited transactions. I acknowledge and agree that neither the Custodian nor the Administrator will make any determination as to whether any transaction or investment in my account is prohibited under sections 4975, 408(e) or 408A, or under any other state or federal law. I accept full responsibility to ensure that none of the investments in my account will constitute a prohibited transaction and that the investments in my account comply with all applicable federal and state laws, regulations and requirements.

Unrelated Business Income Tax: I understand that my account is subject to the provisions of Internal Revenue code sections 511-514 relating to Unrelated Business Taxable Income (UBTI) of tax-exempt organizations. I agree that if I direct the Administrator to make an investment in my account which generates UBTI I will be responsible for preparing or having prepared the required IRS Form 990-T tax return, an application for an Employer Identification Number (EIN) for my account and any other documents that may be required, and to submit them to the Administrator for filing with the Internal Revenue Service at least ten (10) days prior to the date on which the return is due, along with an appropriate directive authorizing the Administrator to execute the forms on behalf of my account and to pay the applicable tax from the assets in my account. I understand that the Custodian and the Administrator do not make any determination of whether or not investments in my account generate UBTI; have no duty to and do not monitor whether or not my account has incurred UBTI; and do not prepare Form 990-T on behalf of my account.

Valuations: I understand that the assets in my account are required to be valued annually at the end of each calendar year in accordance with section 408(i) and other guidance provided by the IRS, and that the total value of my account will be reported to the IRS on form 5498 each year. I agree to provide the year end value of any illiquid and/or non-publicly traded investments, which may include without limitation limited partnerships, limited liability companies, privately held stock, real estate investment trusts, hedge funds, real estate, secured and unsecured promissory notes and any other investments as the Custodian shall designate, by no later than December 15th of each year, with substantiation attached to support the value provided. I agree to indemnify and hold harmless the Custodian and the Administrator from any and all losses, expenses, settlements, or claims with regard to investment decisions, distribution values, tax reporting or any other financial impact or consequence relating to or arising from the valuation of assets in my account.

Indemnification: I agree that the Custodian and the Administrator have no duty other than to follow my written instructions, and will be under no duty to question my instructions

and will not be liable for any investment losses sustained by me or my account under any circumstances. I understand that the Custodian and the Administrator are acting only as my agent and nothing will be construed as conferring fiduciary status on the Custodian or the Administrator.

I agree to indemnify and hold harmless the Custodian and the Administrator from any and all claims, damages, liability, actions, costs, expenses (including reasonable attorney's fees) and any loss to my account as a result of any action taken (or omitted to be taken) pursuant to and/or in connection with any investment transaction directed by me or my investment advisor or resulting from serving as the Custodian or the Administrator, including, without limitation, claims, damages, liability, actions and losses asserted by me.

Electronic Communications, Signatures and Records: I acknowledge and agree that my account will be subject to the provisions of the federal Electronic Signature in Global and National Commerce Act (ESIGN Act, as contained in 15 U.S.C. 7001), as those laws pertain to electronic communication, electronic signatures and electronic storage of Custodial Account records. I understand that, in lieu of the retention of the original records, the Administrator and Custodian may cause any or all of their records, and records at any time in their custody, to be photographed or otherwise reproduced to permanent form, and any such photograph or reproduction shall have the same force and effect as the original thereof and may be admitted in evidence equally with the original if permitted by law.

No FDIC Insurance for Investments: I recognize that investments purchased and/or held within my account: 1) are not insured by the Federal Deposit Insurance Corporation (FDIC); 2) are not a deposit or other obligation of, or guaranteed by, either the Custodian or the Administrator; and 3) are subject to investments risks, including possible loss of the principal amount invested.

Responsibility for Determining Eligibility and Tax Consequences: I assume complete responsibility for 1) determining that I am eligible to make a contribution to my account; 2) ensuring that all contributions I make are within the limits set forth by the relevant sections of the Internal Revenue Code, and 3) the tax consequences of any contribution (including a rollover contribution) and distributions.

Important Information for Opening a New Account: To comply with the USA PATRIOT ACT, we have adopted a Customer Identification Program. All new accounts must provide a copy of an unexpired, photo-bearing, government- issued identification (e.g., driver license or passport). The copy must be readable so we can verify the client's name, driver's license number or state issued ID number.

Our Privacy Policy: You have chosen to do business with the Custodian and Administrator named on your account application. As our client, the privacy of your personal non-public information is very important. We value our customer relationships and we want you to understand the protections we provide in regard to your accounts with us.

Information We May Collect: We collect non-public personal information about you from the following sources to conduct business with you:

- Information we receive from you on applications or other forms;
- Information about your transactions with us, or others;

Non-public personal information is non-public information about you that we may obtain in connection with providing financial products or services to you. This could include information you give us from account applications, account balances, and account history.

Information We May Share: We do not sell or disclose any non-public information about you to anyone, except as permitted by law or as specifically authorized by you. We do not share non-public personal information with our affiliates or other providers without prior approval by you. Federal law allows us to share information with providers that process and service your accounts. All providers of services in connection with the Custodian and Administrator have agreed to the Custodian and Administrator's confidentiality and security policies. If you decide to close your account(s) or become an inactive customer, we will adhere to the privacy policies and practices as described in this notice.

Confidentiality and Security: We restrict access to non-public personal information to those employees who need to know that information to provide products and services to you. We maintain physical, electronic, and procedural guidelines that comply with federal standards to guard your non-public personal information. The Custodian and the Administrator reserve the right to revise this notice and will notify you of any changes in advance. If you have any questions regarding this policy, please contact us at the address and or telephone number listed on this application.

SIGNATURES

Under penalties of perjury, I certify that the above information (including my social security number) is correct. I hereby agree to participate in the Individual Retirement Custodial Account offered by the Custodian. I acknowledge receipt of a copy of the plan document under which this Individual Retirement Account is established, a copy of this Adoption Agreement, and a copy of the Disclosure Statement with respect to this Individual Retirement Account. I direct that all benefits upon my death be paid as indicated above. In the event that this is a rollover contribution, the undersigned hereby irrevocably elects, pursuant to the requirements of Section 1.402(a)(5)-1T of the IRS regulations, to treat this contribution as a rollover contribution. If I named a beneficiary which is a Trust, I understand I must provide certain information concerning such Trust to the Custodian.

Participant's Signature: _____

Date: _____

Mountain West IRA, Inc. Representative: _____

Date: _____

**Simplified Employee Pension—Individual
Retirement Accounts Contribution Agreement****(Under section 408(k) of the Internal Revenue Code)****Do not file
with the Internal
Revenue Service**

_____ makes the following agreement under section 408(k) of the Internal Revenue Code and the instructions to this form.
(Name of employer)

Article I—Eligibility Requirements (check applicable boxes—see instructions)

The employer agrees to provide discretionary contributions in each calendar year to the individual retirement account or individual retirement annuity (IRA) of all employees who are at least _____ years old (not to exceed 21 years old) and have performed services for the employer in at least _____ years (not to exceed 3 years) of the immediately preceding 5 years. This simplified employee pension (SEP) includes **does not** include employees covered under a collective bargaining agreement, includes **does not** include certain nonresident aliens, and includes **does not** include employees whose total compensation during the year is less than \$450*.

Article II—SEP Requirements (see instructions)

The employer agrees that contributions made on behalf of each eligible employee will be:

- A.** Based only on the first \$205,000* of compensation.
- B.** The same percentage of compensation for every employee.
- C.** Limited annually to the smaller of \$41,000* or 25% of compensation.
- D.** Paid to the employee's IRA trustee, custodian, or insurance company (for an annuity contract).

Employer's signature and date_____
Name and title**Instructions**

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

Purpose of Form

Form 5305-SEP (Model SEP) is used by an employer to make an agreement to provide benefits to all eligible employees under a simplified employee pension (SEP) described in section 408(k).

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

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

Instructions to the Employer

Simplified employee pension. A SEP is a written arrangement (a plan) that provides you with an easy way to make contributions toward your employees' retirement income. Under a SEP, you can contribute to an employee's traditional individual retirement account or annuity (traditional IRA). You make contributions directly to an IRA set up by or for each employee with a bank, insurance company, or other qualified financial institution. When using Form 5305-SEP to establish a SEP, the IRA must be a Model traditional IRA established on an IRS form or a master or prototype traditional IRA for which the IRS has issued a favorable opinion letter. You may not make SEP contributions to a Roth IRA or a SIMPLE IRA. Making the agreement on Form 5305-SEP does not establish an employer IRA described in section 408(c).

When not to use Form 5305-SEP. Do not use this form if you:

1. Currently maintain any other qualified retirement plan. This does not prevent you from maintaining another SEP.
2. Have any eligible employees for whom IRAs have not been established.
3. Use the services of leased employees (described in section 414(n)).
4. Are a member of an affiliated service group (described in section 414(m)), a controlled group of corporations (described in section 414(b)), or trades or businesses under common control (described in sections 414(c) and 414(o)), unless all eligible employees of all the members of such groups, trades, or businesses participate in the SEP.
5. Will not pay the cost of the SEP contributions. Do not use Form 5305-SEP for a SEP that provides for elective employee contributions even if the contributions are made under a salary reduction agreement. Use Form 5305A-SEP, or a nonmodel SEP.

Note. SEPs permitting elective deferrals cannot be established after 1996.

Eligible employees. All eligible employees must be allowed to participate in the SEP. An eligible employee is any employee who: (1) is at least 21 years old, and (2) has performed "service" for you in at least 3 of the immediately preceding 5 years. You can establish less restrictive eligibility requirements, but not more restrictive ones.

Service is any work performed for you for any period of time, however short. If you are a member of an affiliated service group, a controlled group of corporations, or trades or businesses under common control, service includes any work performed for any period of time for any other member of such group, trades, or businesses.

Excludable employees. The following employees do not have to be covered by the

SEP: (1) employees covered by a collective bargaining agreement whose retirement benefits were bargained for in good faith by you and their union, (2) nonresident alien employees who did not earn U.S. source income from you, and (3) employees who received less than \$450* in compensation during the year.

Contribution limits. You may make an annual contribution of up to 25% of the employee's compensation or \$41,000*, whichever is less. Compensation, for this purpose, does not include employer contributions to the SEP or the employee's compensation in excess of \$205,000*. If you also maintain a salary reduction SEP, contributions to the two SEPs together may not exceed the smaller of \$41,000* or 25% of compensation for any employee.

You are not required to make contributions every year, but when you do, you must contribute to the SEP-IRAs of all eligible employees who actually performed services during the year of the contribution. This includes eligible employees who die or quit working before the contribution is made.

Contributions cannot discriminate in favor of highly compensated employees. Also, you may not integrate your SEP contributions with, or offset them by, contributions made under the Federal Insurance Contributions Act (FICA).

If this SEP is intended to meet the top-heavy minimum contribution rules of section 416, but it does not cover all your employees who participate in your salary reduction SEP, then you must make minimum contributions to IRAs established on behalf of those employees.

Deducting contributions. You may deduct contributions to a SEP subject to the limits of section 404(h). This SEP is maintained on a calendar year basis and contributions to the

* For 2005 and later years, this amount is subject to annual 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 www.irs.gov.

SEP are deductible for your tax year with or within which the calendar year ends. Contributions made for a particular tax year must be made by the due date of your income tax return (including extensions) for that tax year.

Completing the agreement. This agreement is considered adopted when:

- IRAs have been established for all your eligible employees;
- You have completed all blanks on the agreement form without modification; and
- You have given all your eligible employees the following information:

1. A copy of Form 5305-SEP.
2. A statement that traditional IRAs other than the traditional IRAs into which employer SEP contributions will be made may provide different rates of return and different terms concerning, among other things, transfers and withdrawals of funds from the IRAs.
3. A statement that, in addition to the information provided to an employee at the time the employee becomes eligible to participate, the administrator of the SEP must furnish each participant within 30 days of the effective date of any amendment to the SEP, a copy of the amendment and a written explanation of its effects.
4. A statement that the administrator will give written notification to each participant of any employer contributions made under the SEP to that participant's IRA by the later of January 31 of the year following the year for which a contribution is made or 30 days after the contribution is made.

Employers who have established a SEP using Form 5305-SEP and have furnished each eligible employee with a copy of the completed Form 5305-SEP and provided the other documents and disclosures described in *Instructions to the Employer and Information for the Employee*, are not required to file the annual information returns, Forms 5500 or 5500-EZ for the SEP. However, under Title I of the Employee Retirement Income Security Act of 1974 (ERISA), this relief from the annual reporting requirements may not be available to an employer who selects, recommends, or influences its employees to choose IRAs into which contributions will be made under the SEP, if those IRAs are subject to provisions that impose any limits on a participant's ability to withdraw funds (other than restrictions imposed by the Code that apply to all IRAs). For additional information on Title I requirements, see the Department of Labor regulation at 29 CFR 2520.104-48.

Information for the Employee

The information below explains what a SEP is, how contributions are made, and how to treat your employer's contributions for tax purposes. For more information, see Pub. 590.

Simplified employee pension. A SEP is a written arrangement (a plan) that allows an employer to make contributions toward your retirement. Contributions are made to a traditional individual retirement account/annuity (traditional IRA). Contributions must be made to either a Model traditional IRA executed on an IRS form or a master or prototype traditional IRA for which the IRS has issued a favorable opinion letter.

An employer is not required to make SEP contributions. If a contribution is made, however, it must be allocated to all eligible employees according to the SEP agreement. The Model SEP (Form 5305-SEP) specifies that the contribution for each eligible employee will be the same percentage of compensation (excluding compensation greater than \$205,000*) for all employees.

Your employer will provide you with a copy of the agreement containing participation rules and a description of how employer contributions may be made to your IRA. Your employer must also provide you with a copy of the completed Form 5305-SEP and a yearly statement showing any contributions to your IRA.

All amounts contributed to your IRA by your employer belong to you even after you stop working for that employer.

Contribution limits. Your employer will determine the amount to be contributed to your IRA each year. However, the amount for any year is limited to the smaller of \$41,000* or 25% of your compensation for that year. Compensation does not include any amount that is contributed by your employer to your IRA under the SEP. Your employer is not required to make contributions every year or to maintain a particular level of contributions.

Tax treatment of contributions. Employer contributions to your SEP-IRA are excluded from your income unless there are contributions in excess of the applicable limit. Employer contributions within these limits will not be included on your Form W-2.

Employee contributions. You may make regular IRA contributions to an IRA. However, the amount you can deduct may be reduced or eliminated because, as a participant in a SEP, you are covered by an employer retirement plan.

SEP participation. If your employer does not require you to participate in a SEP as a condition of employment, and you elect not to participate, all other employees of your employer may be prohibited from participating. If one or more eligible employees do not participate and the employer tries to establish a SEP for the remaining employees, it could cause adverse tax consequences for the participating employees.

An employer may not adopt this IRS Model SEP if the employer maintains another qualified retirement plan. This does not prevent your employer from adopting this IRS Model SEP and also maintaining an IRS Model Salary Reduction SEP or other SEP. However, if you work for several employers, you may be covered by a SEP of one employer and a different SEP or pension or profit-sharing plan of another employer.

SEP-IRA amounts—rollover or transfer to another IRA. You can withdraw or receive funds from your SEP-IRA if, within 60 days of receipt, you place those funds in the same or another IRA. This is called a "rollover" and can be done without penalty only once in any 1-year period. However, there are no restrictions on the number of times you may make "transfers" if you arrange to have these funds transferred between the trustees or the custodians so that you never have possession of the funds.

Withdrawals. You may withdraw your employer's contribution at any time, but any amount withdrawn is includible in your income unless rolled over. Also, if withdrawals

occur before you reach age 59½, you may be subject to a tax on early withdrawal.

Excess SEP contributions. Contributions exceeding the yearly limitations may be withdrawn without penalty by the due date (plus extensions) for filing your tax return (normally April 15), but are includible in your gross income. Excess contributions left in your SEP-IRA after that time may have adverse tax consequences. Withdrawals of those contributions may be taxed as premature withdrawals.

Financial institution requirements. The financial institution where your IRA is maintained must provide you with a disclosure statement that contains the following information in plain, nontechnical language:

1. The law that relates to your IRA.
 2. The tax consequences of various options concerning your IRA.
 3. Participation eligibility rules, and rules on the deductibility of retirement savings.
 4. Situations and procedures for revoking your IRA, including the name, address, and telephone number of the person designated to receive notice of revocation. This information must be clearly displayed at the beginning of the disclosure statement.
 5. A discussion of the penalties that may be assessed because of prohibited activities concerning your IRA.
 6. Financial disclosure that provides the following information:
 - a. Projects value growth rates of your IRA under various contribution and retirement schedules, or describes the method of determining annual earnings and charges that may be assessed.
 - b. Describes whether, and for when, the growth projections are guaranteed, or a statement of the earnings rate and the terms on which the projections are based.
 - c. States the sales commission for each year expressed as a percentage of \$1,000.
- In addition, the financial institution must provide you with a financial statement each year. You may want to keep these statements to evaluate your IRA's investment performance.

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	1 hr., 40 min.
Learning about the law or the form	1 hr., 35 min.
Preparing the form	1 hr., 41 min.

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