



MOUNTAIN WEST IRA

INDIVIDUAL RETIREMENT ACCOUNT STARTER KIT

SIMPLE IRA

13905 W. Wainwright Dr.

Boise, ID 83713

P: (866) 377-3311 | F: (208) 376-4567



IRA APPLICATION

13905 W. Wainwright Dr.
Boise, ID 83713
Phone: (866) 377-3311
Fax: (208) 376-4567
Email: Accounts@MWIRA.com

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: _____

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)

☐ Traditional IRA	☐ Roth IRA (If performing Roth conversion, attach Roth Conversion Form)
☐ SEP IRA (Attach employer plan documents) Employer Name: _____	☐ SIMPLE IRA (Attach employer plan documents) Employer Name: _____
☐ Beneficiary IRA (Attach Inherited IRA Beneficiary Designation)	

3. NOTIFICATIONS

Would you like to receive your statements online?	Would you like to receive email notifications of changes to your account?
☐ YES ☐ NO (\$15 Paper Statement Fee Applies)	☐ YES ☐ NO

4. ACCOUNT FUNDING

☐ Annual Contribution Year contribution for _____ Current or prior year contribution to your plan. (Beneficiary IRA not eligible)	☐ Transfer Contribution Transfer from existing IRA.	☐ Rollover Contribution Take receipt of asset(s) for up to 60 days before depositing in new retirement plan.	☐ Direct Rollover Contribution Rollover from Employer Sponsored Plan.
---	---	--	---

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. Interested parties DO NOT have the ability to make changes to the account. This will remain in effect until revoked in writing.

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: _____

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: _____ %

Primary Contingent Name: _____ SSN: _____ Birthdate: _____

☐ ☐ Address: _____ Relationship: _____

City: _____ State: _____ ZIP: _____ Share: _____ %

Primary Contingent Name: _____ SSN: _____ Birthdate: _____

☐ ☐ Address: _____ Relationship: _____

City: _____ State: _____ ZIP: _____ Share: _____ %

Primary Contingent Name: _____ SSN: _____ Birthdate: _____

☐ ☐ Address: _____ Relationship: _____

City: _____ State: _____ ZIP: _____ Share: _____ %

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

13905 W. Wainwright Dr.
Boise, ID 83713
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 (Outgoing)	\$5	Internal Transfer	\$50
Cashier's Check (Or other official bank check)	\$20	Notary	FREE
Certified Mail	\$10	Overnight Mail	\$50
Contribution ¹	FREE	Paper Statement (Electronic statement no charge)	\$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 (Domestic - Incoming / Outgoing)	\$25
Individual (k) Plan Document (Per Plan EIN)	\$300 / year	Wire Transfer (International - Incoming / Outgoing)	\$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

7. FEE SCHEDULE

13905 W. Wainwright Dr.
Boise, ID 83713
Phone: (866) 377-3311
Fax: (208) 376-4567

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. Fees paid from your account will be reflected on your statement. If a recordkeeping Fee Option is not selected, fees will be based on "Option Two – Account Value".

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 (Ex: real estate, promissory notes, convertible notes, private stock, private placements, LLC's etc.).

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. If FMV forms are not received, MWIRA reserves the right to assign, determine and calculate the FMV of your account asset(s) using information we have readily available to us. MWIRA also reserves the right to charge a \$100 fee per asset for determining the market value of your self-directed account. If an asset valuation is not provided every twelve (12) months, MWIRA reserves the right to resign as Administrator of the 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. In accordance with your Plan and Trust Disclosure, if there are insufficient cash funds in your account and we have provided you with a thirty (30) day written notice, we may liquidate other asset(s) held in your account to cover outstanding fees, including the account termination and applicable re-registration fees.

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. The minimum cash balance can be maintained inside your account or pre-paid by check or credit card outside of your account. Pre-payments credited outside of your account will not be co-mingled with funds held inside your account.

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. Accounts with past due fees and accounts with zero value will continue to incur administrative fees until the account holder notifies Mountain West IRA of intent to close the account or until Mountain West IRA resigns as Administrator.

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. Custodial fees are part of the Plan and Trust Disclosure. In accordance with your Account Application, this Fee Schedule is part of your Agreement with the Administrator.

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 (if an email address was not provided, notice will be sent by U.S. mail).

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: _____

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

The Employer establishes the following SIMPLE 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

- 1.01 **General Eligibility Requirements.** The Employer agrees to permit salary reduction contributions to be made in each calendar year to the SIMPLE IRA established by each employee who meets the requirements selected in the Adoption Agreement.
- 1.02 **Excludable Employees.** If elected in the Adoption Agreement, the Employer shall exclude employees covered under a collective bargaining agreement for which retirement benefits were the subject of good faith bargaining. If the Employer maintains a qualified plan covering only such employees, the Employer is deemed to select this provision.

Article II—Salary Reduction Agreements

- 2.01 **Salary Reduction Election.** An eligible employee may make an election to have his or her compensation for each pay period reduced. The total amount of the reduction in the employee's compensation for a calendar year cannot exceed the applicable amount for that year.
- 2.02 **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) 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.
 - (c) An employee may terminate a salary reduction election at any time during the calendar year.

Article III—Contributions

- 3.01 **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.
- 3.02 (a) **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:
 - (A) The limit is not reduced below 1%;
 - (B) 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
 - (C) 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, section 2.02(a)).
- (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 the amount of compensation indicated in the Adoption Agreement, but 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:
 - (A) Each eligible employee is notified that a 2% nonelective contribution will be made instead of a matching contribution; and
 - (B) 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, section 2.02(a)).
- 3.03 **Time and Manner of Contributions.**
- (a) The Employer will make the salary reduction contributions (described in section 2.02(a) above) for each eligible employee to the SIMPLE IRA established at the financial institution selected by that employee no later than 30 days after the end of the month in which the money is withheld from the employee's pay. See SIMPLE IRA Plan Disclosure.
 - (b) The Employer will make the matching or nonelective contributions (described in sections 3.02(a) and 3.02(b) above) for each eligible employee to the SIMPLE IRA established at the financial institution selected by that employee no later than the due date for filing the Employer's tax return, including extensions, for the taxable year that includes the last day of the calendar year for which the contributions are made.

* This is the amount for 2012. For 2013 this amount was increased to \$255,000; for 2014 this amount was \$260,000 and for 2015 and 2016 this amount is \$265,000. 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 www.irs.gov.

Article IV—Other Requirements and Provisions

- 4.01 **Contributions in General.** Prior to December 19, 2015, the Employer will make no contributions to the SIMPLE IRAs other than salary reduction contributions (described in Article III, section 3.01) and matching or nonelective contributions (described in Article III, sections 3.02(a) and 3.02(b)). Effective December 19, 2015, this SIMPLE Plan will accept rollover contributions as described in section 408(p)(1)(B) of the Code including any subsequent guidance provided by the IRS.
- 4.02 **Vesting Requirements.** All contributions made under this SIMPLE IRA plan are fully vested and nonforfeitable.
- 4.03 **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.
- 4.04 **Selection of IRA Trustee.** The employer must permit each eligible employee to select the financial institution that will serve as the trustee, custodian, or issuer of the SIMPLE IRA to which the employer will make all contributions on behalf of that employee.
- 4.05 **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 the Adoption Agreement.
- 4.06 **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 after a 2-year period has expired since the individual first participated in any SIMPLE IRA plan of the Employer. Any rollover or transfer must comply with the requirements under section 408.
 - (b) If an individual withdraws an amount from a SIMPLE IRA during the 2-year period beginning when the individual first participated in any SIMPLE IRA plan of the Employer and the amount is subject to the additional tax on early distributions under section 72(t), this additional tax is increased from 10% to 25%.

Article V—Definitions

- 5.01 **Compensation.**
- (a) **General Definition of Compensation.** Compensation means the sum of the wages, tips, and other compensation from the Employer subject to federal income tax withholding (as described in section 6051(a)(3)) the amounts paid for domestic service in a private home, local college club, or local chapter of a college fraternity or sorority, and the employee's salary reduction contributions made under this Plan, and, if applicable, elective deferrals under a section 401(k) plan, a SARSEP, or a section 403(b) annuity contract and compensation deferred under a section 457 plan required to be reported by the Employer on Form W-2 (as described in section 6051(a)(8)).
 - (b) **Compensation for Self-Employed Individuals.** For self-employed individuals, compensation means the net earnings from self-employment determined under section 1402(a), without regard to section 1402(c)(6), prior to subtracting any contributions made pursuant to this plan on behalf of the individual.
- 5.02 **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.
- 5.03 **Eligible Employee.** An eligible employee means an employee who satisfies the conditions in the Adoption Agreement and is not excluded under section 1.02.
- 5.04 **SIMPLE IRA.** A SIMPLE IRA is an individual retirement account described in section 408(a), or an individual retirement annuity described in section 408(b), to which the only contributions that can be made are contributions under a SIMPLE IRA plan and rollovers or transfers from another SIMPLE IRA. Effective December 19, 2015, this SIMPLE Plan will accept rollover contributions as described in section 408(p)(1)(B) of the Code including any subsequent guidance provided by the IRS.

Article VI—Procedures for Withdrawal

- 6.01 The Employer will provide each Employee with the procedures for withdrawals of contributions received by the financial institution selected by that Employee, and that financial institution's name and address by attaching that information to this Plan unless: **(1)** that financial institution's procedures are unavailable, or **(2)** that financial institution provides the procedures directly to the employee.

General Instructions

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

Purpose of Form

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

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

Do not file Form 5304-SIMPLE with the IRS. Instead, keep it with your records.

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

SIMPLE IRA PLAN DISCLOSURE

IN GENERAL

Which Employers May Establish and Maintain a SIMPLE IRA Plan?

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

1. Last calendar year, you had no more than 100 employees (including self-employed individuals) who earned \$5,000 or more in compensation from you during the year. If you have a SIMPLE IRA plan but later exceed this 100-employee limit, you will be treated as meeting the limit for the 2 years following the calendar year in which you last satisfied the limit.
2. You do not maintain during any part of the calendar year another qualified plan with respect to which contributions are made, or benefits are accrued, for service in the calendar year. For this purpose, a qualified plan (defined in section 219(g)(5)) includes a qualified pension plan, a profit-sharing plan, a stock bonus plan, a qualified annuity plan, a tax-sheltered annuity plan, and a simplified employee pension (SEP) plan.

A qualified plan that only covers employees covered under a collective bargaining agreement for which retirement benefits were the subject of good faith bargaining is disregarded if these employees are excluded from participating in the SIMPLE IRA plan.

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

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

- (a) a controlled group of corporations under section 414(b);
- (b) a partnership or sole proprietorship under common control under section 414(c); or
- (c) 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** and **Contributions** below). All contributions under this plan will be deposited into a SIMPLE individual retirement account or annuity established for each eligible employee with the financial institution selected by him or her.

When To Use Form 5304-SIMPLE

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

Do not use Form 5304-SIMPLE if:

1. You want to require that all SIMPLE IRA plan contributions initially go to a financial institution designated by you. That is, you do not want to permit each of your eligible employees to choose a financial institution that will initially receive contributions. Instead, use Form 5305-SIMPLE, Savings Incentive Match Plan for Employees of Small Employers (SIMPLE)—for Use With a Designated Financial Institution.
2. You want employees who are nonresident aliens receiving no earned income from you that constitutes income from sources within the United States to be eligible under this plan; or
3. You want to establish a SIMPLE 401(k) plan.

Completing Form 5304-SIMPLE

The Form 5304-SIMPLE along with the Adoption Agreement contain the operative provisions of your SIMPLE IRA plan. This SIMPLE IRA plan is considered adopted when you have completed all applicable boxes and blanks in the Adoption Agreement and it has been executed by you.

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

ANALYSIS OF PLAN ARTICLES

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 Item 5 of the Adoption Agreement. To choose full eligibility, check the box 5(a) in the Adoption Agreement. Alternatively, to choose limited eligibility, check the box 5(b) in the Adoption Agreement, and then complete the blank boxes in Item 5(b)(i) and (ii) as instructed on the Adoption Agreement.

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 Item 6 of the Adoption Agreement. Under certain circumstances, these employees must be excluded. See **Which Employers May Establish and Maintain a SIMPLE IRA Plan?** above.

Salary Reduction Agreements (Article II)

As indicated in Article II, section 2.01, a salary reduction agreement permits an eligible employee to make a salary reduction election to have his or her compensation for each pay period reduced by a percentage (expressed as a percentage or dollar amount). The total amount of the reduction in the employee's compensation cannot exceed the applicable amount for any calendar year. The applicable amount since 2002 is:

Applicable Annual Dollar Limitations

<u>Tax Year</u>	<u>Contribution Limit</u>
2002	\$7,000
2003	\$8,000
2004	\$9,000
2005 - 2006	\$10,000
2007 - 2008	\$10,500
2009 - 2012	\$11,500
2013 - 2014	\$12,000
2015 - 2026	\$12,500

In the case of an eligible employee who will be 50 or older before the end of the calendar year, the above limitation is increased by the following:

<u>Tax Year</u>	<u>Catch-Up Limit</u>
2002	\$500
2003	\$1,000
2004	\$1,500
2005	\$2,000
2006 - 2014	\$2,500
2015 - 2026	\$3,000

Timing of Salary Reduction Elections

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

You can extend the 60-day election periods to provide additional opportunities for eligible employees to make or modify salary reduction elections using the blank in Item 7 of the Adoption Agreement. 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** 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 the Adoption Agreement. However, by checking the box in Item 8 of the Adoption Agreement, 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, section 3.01, salary reduction contributions consist of the amount by which the employee agrees to reduce his or her compensation. You must contribute the salary reduction contributions to the financial institution selected by each eligible employee.

Matching Contributions

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

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

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

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

Nonelective Contributions

Instead of making a matching contribution, you may, for any year, make a nonelective contribution equal to 2% of compensation for each eligible employee who has at least \$5,000 in compensation for the year. Nonelective contributions may not be based on more than \$260,000 for 2014 limit (\$265,000 for 2015 and 2016) of compensation. To elect to make nonelective contributions, you must notify employees within a reasonable period of time before the applicable 60-day election periods for such year. See **Timing of Salary Reduction Elections** above.

Note: Insert “\$5,000” in Item 10 of the Adoption Agreement 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.

Rollover Contributions

Effective December 19, 2015, this SIMPLE Plan will accept rollover contributions from qualified plans under section 401(a); qualified annuities under 403(a); tax-sheltered annuities and custodial accounts under 403(b); governmental plans under section 457(b); and from traditional IRAs. Such rollovers are permitted after the SIMPLE IRA has been in existence for 2 years measured from the date of the initial contribution to the account.

Effective Date (Article VII)

Insert in Item 11 of the Adoption Agreement, the date you want the provisions of the SIMPLE IRA plan to become effective. You must insert January 1 of the applicable year unless this is the first year for which you are adopting any SIMPLE IRA plan. If this is the first year for which you are adopting a SIMPLE IRA plan, you may insert any date between January 1 and October 1, inclusive of the applicable year.

ADDITIONAL INFORMATION

Timing of Salary Reduction Contributions

The employer must make the salary reduction contributions to the financial institution selected by each eligible employee for his or her SIMPLE IRA no later than the 30th day of the month following the month in which the amounts would otherwise have been payable to the employee in cash.

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

These rules also apply in the case of self-employed individuals. Thus, the latest day for the deposit of salary reduction contributions made on behalf of a self-employed individual for a calendar year is 30 days after the end of such year, which is January 30th. In order to meet the “as soon as you can reasonably segregate” standard, the DOL regulations provide for a 7-business day deadline for depositing the employee's salary deferral into their account.

Definition of Compensation

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

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

Employee Notification

You must notify each eligible employee prior to the employee's 60-day election period described above that he or she can make or change salary reduction elections and select the financial institution that will serve as the trustee, custodian, or issuer of the employee's SIMPLE IRA. In this notification, you must indicate whether you will provide:

1. A matching contribution equal to your employees' salary reduction contributions up to a limit of 3% of their compensation;
2. A matching contribution equal to your employees' salary reduction contributions subject to a percentage limit that is between 1 and 3% of their compensation; or
3. A 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 Form 5304-SIMPLE (including the information described in Article VI - Procedures for Withdrawal) and the executed Adoption Agreement.

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

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

Reporting Requirements

You are not required to file any annual information returns for your SIMPLE IRA plan, such as Forms 5500 or 5500-EZ. However, you must report to the IRS which eligible employees are active participants in the SIMPLE IRA plan and the amount of your employees' salary reduction contributions to the SIMPLE IRA plan on Form W-2. These contributions are subject to social security, medicare, railroad retirement, and federal unemployment tax.

Deducting Contributions

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

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

Summary Description

Each year the SIMPLE IRA plan is in effect, the financial institution for the SIMPLE IRA of each eligible employee must provide the employer the information described in section 408(l)(2)(B). This requirement may be satisfied by providing the employer a current copy of Form 5304-SIMPLE (including instructions) together with the financial institution's procedures for withdrawals from SIMPLE IRAs established at that financial institution, including the financial institution's name and address. The summary description must be received by the employer in sufficient time to comply with the **Employee Notification** requirements above.

There is a penalty of \$50 per day imposed on the financial institution for each failure to provide the summary description described above. However, if the failure was due to reasonable cause, the penalty will not be imposed.

SUMMARY DESCRIPTION

PLAN INFORMATION

1. Name of Employer: _____
Address of Employer: _____
2. Name of Trustee/Custodian: _____
Address of Trustee/Custodian: _____

ELIGIBILITY REQUIREMENTS

3. All Employees of the Employer shall be eligible to participate under the Plan except:
- ☐ a. Employees included in a unit of employees covered under a collective bargaining agreement described in Section 2.02(a) of the Plan.
 - ☐ b. Non-resident alien employees who did not receive US source income described in Section 2.02(b) of the Plan.
 - ☐ c. Employees who are not reasonably expected to earn \$_____ (not to exceed \$5,000) during the Plan Year for which the contribution is being made.
 - ☐ d. There are no eligibility requirements. All Employees are eligible to participate upon the later of the plan's effective date or the employee's date of hire.
4. Each Eligible Employee will be eligible to become a Participant after having worked for the Employer during any prior years (not to exceed 2) and received at least \$_____ in compensation (not to exceed \$5,000), during each of such prior years.

WRITTEN ALLOCATION FORMULA

5. The Employer has agreed to provide contributions for the _____ Plan Year as follows (complete only one choice):
- ☐ a. Matching Contribution - The amount of the Participant's Elective Deferral not in excess of 3% of such Participant's Compensation.
 - ☐ b. Matching Contribution - The amount of the Participant's Elective Deferral not in excess of _____% (not less than 1% nor more than 3%) of each Participant's Compensation.
 - ☐ c. Nonelective Employer Contribution - 2% of each Eligible Employee's Compensation, who receives at least \$5,000, or _____, if lesser, in Compensation from the Employer for the Plan Year.

ADDITIONAL INFORMATION

The Employer has designated _____ (insert Name & title) to provide additional information to participants about the Employer's SIMPLE Plan.

GENERAL DISCLOSURE INFORMATION

The following information explains what a Savings Incentive Match Plan for Employees ("SIMPLE") is how contributions are made, and how to treat these contributions for tax purposes. For more specific information, refer to the SIMPLE Retirement Plan document itself, the completed Adoption Agreement and the accompanying "Employer Disclosure".

For a calendar year, you 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 you first become eligible to make salary reduction contributions, the period during which you may make or modify the election is a 60 day period that includes either the date you become eligible or the day before. If indicated on the Adoption Agreement, you may have additional opportunities during a calendar year to make or modify your salary reduction election.

I. SIMPLE Retirement Plan and SIMPLE IRA Defined

A SIMPLE Retirement Plan is a retirement income arrangement established by your employer. Under this SIMPLE Plan, you may choose to defer compensation to your own SIMPLE Individual Retirement Account or Annuity ("SIMPLE IRA"). You may base these "elective deferrals" on a salary reduction basis that, at your election, may be contributed to a

SIMPLE IRA or received in cash. This type of plan is available only to an employer with 100 or fewer employees who earned at least \$5,000 during the prior calendar year.

A SIMPLE IRA is a separate IRA plan that you establish with an eligible financial institution for the purpose of receiving contributions under this SIMPLE Retirement Plan. Your employer must provide you with a copy of the SIMPLE agreement containing eligibility requirements and a description of the basis upon which contributions may be made. All amounts contributed to your SIMPLE IRA belong to you, even after you quit working for your employer.

II. Elective Deferrals - Not Required

You are not required to make elective deferrals under this SIMPLE Retirement Plan. However, if the Employer is matching your elective deferrals, no Employer contribution will be made on your behalf unless you elect to defer under the plan.

III. Elective Deferrals - Annual Limitation

The maximum amount that you may defer under this SIMPLE Plan for any calendar year is limited to the lesser of the percentage of your compensation indicated in the Deferral Form or "the applicable annual dollar limitation" described below:

Applicable Annual Dollar Limitations

<u>Tax Year</u>	<u>Contribution Limit</u>
2002	\$7,000
2003	\$8,000
2004	\$9,000
2005 - 2006	\$10,000
2007 - 2008	\$10,500
2009 - 2012	\$11,500
2013 - 2014	\$12,000
2015 - 2026	\$12,500

The maximum amount will be adjusted for cost-of-living increases in multiples of \$500.

If you attain age 50 or over by the end of a calendar year, you can elect to have your compensation reduced by an additional "catch-up" amount listed below. The maximum additional amount will be adjusted for cost-of-living increases in multiples of \$500.

<u>Tax Year</u>	<u>Catch-Up Limit</u>
2002	\$500
2003	\$1,000
2004	\$1,500
2005	\$2,000
2006 - 2014	\$2,500
2015 - 2026	\$3,000

If you work for other employers (unrelated to this Employer) who also maintain a salary deferral plan, there is an overall limit on the maximum amount that you may defer in each calendar year to all elective SEPs, cash or deferred arrangements under section 401(k) of the Code, other SIMPLE plans and 403(b) plans regardless of how many employers you may have worked for during the year. This limitation is referred to as the section 402(g) limit. The section 402(g) limit on elective deferrals is listed below and is indexed according to the cost of living.

\$11,000 for 2002
\$12,000 for 2003
\$13,000 for 2004
\$14,000 for 2005
\$15,000 for 2006
\$15,500 for 2007 - 2008
\$16,500 for 2009 - 2011
\$17,000 for 2012
\$17,500 for 2013 - 2014
\$18,000 for 2015 - 2026

IV. Elective Deferrals - Tax Treatment

The amount that you may elect to contribute to your SIMPLE IRA is excludible from gross income, subject to the limitations discussed above, and is not includible as taxable wages on Form W-2. However, these amounts are subject to FICA taxes.

V. Elective Deferrals - Excess Amounts Contributed

When "excess elective deferrals" (i.e., amounts in excess of the SIMPLE elective deferral limit ("the applicable annual dollar limitation" described in Section III above) or the section 402(g) limit) are made, you are responsible for calculating whether you have exceeded these limits in the calendar year. The section 402(g) limit for contributions made to all elective deferral plans is listed in Section III above.

VI. Excess Elective Deferrals - How to Avoid Adverse Tax Consequences

Excess elective deferrals are includible in your gross income in the calendar year of deferral. Income on the excess elective deferrals is includible in your income in the year of withdrawal from the SIMPLE IRA. You should withdraw excess elective deferrals and any allocable income, from your SIMPLE IRA by April 15 following the year to which the deferrals relate. These amounts may not be transferred or rolled over tax-free to another SIMPLE IRA.

VII. Income Allocable To Excess Amounts

The rules for determining and allocating income attributable to excess elective deferrals and other excess SIMPLE contributions are the same as those governing regular IRA excess contributions. The trustee or custodian of your SIMPLE IRA will inform you of the income allocable to such excess amounts.

VIII. Availability of Regular IRA Contribution Deduction

In addition to any SIMPLE contribution, if you are under age 70 1/2 you may contribute to a separate Traditional IRA the lesser of 100% of compensation or the regular IRA contribution dollar limit to a Traditional IRA as a regular IRA contribution. However, the amount that you may deduct is subject to various limitations since you will be considered an "active participant" in an employer-sponsored plan. Instead of a Traditional IRA, you may be eligible to make a regular contribution to a Roth IRA. See Publications 590-A and 590-B, "Individual Retirement Arrangement", for more specific information.

IX. SIMPLE IRA Amounts - Rollover or Transfer to another IRA

You may not roll over or transfer from your SIMPLE IRA any SIMPLE contributions (or income on these contributions) made during the plan year to another IRA (other than a SIMPLE IRA) or to an employer plan until the 2 years following the date you first participated in the SIMPLE plan. Also, any distribution made before this time will be includible in your gross income and may also be subject to a 25% additional income tax for early withdrawal. You may, however, remove excess elective deferrals and income allocable to such excess amounts from your SIMPLE IRA before this time, but you may not roll over or transfer these amounts to another IRA.

If the Adoption Agreement indicates that all initial SIMPLE contributions will be made to a single designated Trustee or Custodian, you may transfer your SIMPLE IRA without cost or penalty to another SIMPLE IRA (if within the 2 year period) or thereafter to any other IRA.

After the 2-year restriction described above no longer applies, you may withdraw, or receive, funds from your SIMPLE IRA, and no more than 60 days later, place such funds in another IRA, SIMPLE IRA, qualified plan, 403(b) plan, or 457 plan. This is called a "rollover" and may not be done without penalty more frequently than at one-year intervals, if you are rolling to another SIMPLE IRA or IRA. However, there are no restrictions on the number of times that you may make "transfers" if you arrange to have such funds transferred between the trustees/custodians so that you never have possession of the funds. You may not, however, roll over or transfer excess elective deferrals and income allocable to such excess amounts from your SIMPLE IRA to another IRA. These excess amounts may be reduced only by a distribution to you.

X. SIMPLE IRA Amounts - Rollover Contributions into this SIMPLE IRA

Beginning December 19, 2015, you may roll over from a qualified plan, qualified annuity, 403(b) plan, governmental 457(b) Plan or from a traditional IRA into your SIMPLE IRA account. Such rollover may only be made after the 2 year period has expired measured from the date of the first contribution made to your SIMPLE IRA.

XI. Filing Requirements

You do not need to file any additional forms with the IRS because of your participation in your employer's SIMPLE Plan.

XII. Employer to Provide Information on SIMPLE IRAs and the SIMPLE Agreement

Your employer must provide you with a copy of the executed SIMPLE agreement, this Summary Description, the form you should use to elect to defer amounts to the SIMPLE, and a statement for each taxable year showing any contribution to your SIMPLE IRA.

XIII. Financial Institution Where IRA is Established to Provide Information

The financial institution must provide you with a disclosure statement that contains the following items of information in plain nontechnical language.

1. The statutory requirements that relate to the SIMPLE IRA;
2. The tax consequences that follow the exercise of various options and what those options are;
3. Participation eligibility rules and rules on the deductibility and nondeductibility of retirement savings;
4. The circumstances and procedures under which you may revoke the SIMPLE IRA, including the name, address, and telephone number of the person designated to receive notice of revocation (this explanation must be prominently displayed at the beginning of the disclosure statement);
5. Explanations of when penalties may be assessed against you because of specified prohibited or penalized activities concerning the SIMPLE IRA; and
6. Financial disclosure information which:
 - a) Either projects value, growth, rates of the SIMPLE IRA under various contribution and retirement schedules, or describes the method of computing and allocating annual earnings and charges which may be assessed;
 - b) Describes whether, and for what period, the growth projections for the plan are guaranteed or a statement of earnings rate and terms on which these projections are based, and;
 - c) States the sales commission to be charged in each year expressed as a percentage of \$1,000.

See Publications 590-A and 590-B, "Individual Retirement Arrangements", which is available at most IRS offices, for a more complete explanation of the disclosure requirements. IRS Publication 560 also contains more information regarding SIMPLE IRA Plans.

In addition to the disclosure statement, the financial institution is required to provide you with a financial statement each year. It may be necessary to retain and refer to statements for more than one year in order to evaluate the investment performance of your SIMPLE IRA and in order that you will know how to report SIMPLE IRA distributions for tax purposes.

SIMPLE IRA PLAN EMPLOYER'S ADOPTION AGREEMENT

EMPLOYER INFORMATION

1. Name of Employer: _____
2. Address: _____
3. EIN #: _____ 4. Phone: _____

ELIGIBILITY REQUIREMENTS

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

SALARY REDUCTION AGREEMENTS

7. In addition to the election periods in 2.02(a) of the Plan, 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.
8. An employee who terminates a salary reduction election in accordance with 2.02 of the Plan ☐ may ☐ may not resume salary reduction contributions during the calendar year.

EMPLOYER CONTRIBUTIONS

For each calendar year, the Employer will contribute under one of the following formulas to the accounts of all eligible employees:

9. **Matching Contributions:** The Employer will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions up to 3% subject to the limitations in section 3.02 of the Plan of the employee's compensation for the calendar year; or
10. **Nonelective Contributions:** The Employer will make Nonelective Contributions equal to 2% of the employee's compensation for the calendar year to the SIMPLE IRA of each eligible employee who has at least a designated amount of compensation (not more than \$5,000) for the calendar year.

Note: The actual notification of whether the Employer is making a Matching or Nonelective contribution and compensation requirements shall be made on the Summary Description which must be provided annually.

EFFECTIVE DATE

11. This SIMPLE IRA plan is effective _____. See SIMPLE IRA Plan Disclosure.

SIGNATURES

Employer Signature: _____ Date: _____

Print name of Signer: _____ Title: _____

NOTIFICATION TO ELIGIBLE EMPLOYEES

SIMPLE IRA Plan Information

Name of Employer: _____

Address of Employer: _____

Phone: _____ Plan Year: _____

Opportunity to Participate in the SIMPLE IRA Plan

You are eligible to make salary reduction contributions to the above referenced Employer's 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.

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 \$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.

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*).

Employee Selection of Financial Institution

You must select the financial institution that will serve as the trustee, custodian, or issuer of your SIMPLE IRA and notify your employer of your selection. You may indicate the financial institution on your Salary Reduction Agreement.

* This is the amount for 2012. For 2013 this amount increased to \$255,000; for 2014 this amount was \$260,000; and for 2015 and 2016 this amount is \$265,000. 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 web site at www.irs.gov.

SALARY REDUCTION AGREEMENT

SIMPLE IRA Plan Information

Name of Employer: _____

Plan Year: _____

Salary Reduction Election

Name of Employee: _____

Subject to the requirements of the SIMPLE IRA plan of the above named 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.

☐ I elect to terminate my salary reduction contributions.

☐ I elect not to participate in my Employer's SIMPLE Plan with respect to salary reduction contributions.

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 SIMPLE IRA Plan Disclosure)

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.)

Employee Selection of Financial Institution

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

Name of financial institution: _____

Address of financial institution: _____

SIMPLE IRA account name and number: _____ Phone: _____

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

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: _____