



SIMPLE INDIVIDUAL RETIREMENT ACCOUNT APPLICATION



PART 1. IRA OWNER

Name (First/MI/Last)
Street Address (Physical Required)
City/State/ZIP
Mailing Address (If different from Street Address)
City/State/ZIP
Social Security Number
Date of Birth
Home Phone
Daytime Phone
Email Address
Preferred Method of Contact

PART 2. SIMPLE IRA CUSTODIAN

To be completed by the SIMPLE IRA custodian
Name GoldStar Trust Company
Address Line 1 P.O. Box 719 (Mailing)
Address Line 2 1401 4th Avenue (Street)
City/State/ZIP Canyon, TX 79015
Phone (800) 486-6888

This is a transfer SIMPLE IRA.

GoldStar Account Number

(To be completed by GTC)

PART 3. CUSTOMER IDENTIFICATION PROGRAM INFORMATION (CIP)

USA PATRIOT Act Notice

In order to comply with the USA PATRIOT Act, we must be able to identify our customer. All new accounts must provide us with either the driver's license information; a photocopy of an unexpired, photo-bearing, government-issued identification, such as a passport, military, veteran or similar ID; or a notarized document.

Driver's License # State Issued
Issuance Date Expiration Date

If you do not have a valid state-issued driver's license, you must provide a legible photocopy of a valid government-issued photo ID or a notarized document.

PART 4. EMPLOYER INFORMATION

Complete the employer information below unless this is a transfer SIMPLE IRA.

Employer Name Address
Phone City/State/ZIP

PART 5. CONTRIBUTION INFORMATION

Contribution Amount Contribution Date

CONTRIBUTION TYPE (Select one)

- 1. SIMPLE Contribution (Includes salary deferral and employer contributions)
2. Rollover (Distribution from a SIMPLE IRA that is being deposited into this SIMPLE IRA)
3. Transfer (Direct movement of assets from a SIMPLE IRA into this SIMPLE IRA)
4. Recharacterization (A nontaxable movement of a previously converted amount into this SIMPLE IRA)

IF YOU ARE 70 1/2 OR OLDER THIS YEAR, COMPLETE THE FOLLOWING, IF APPLICABLE

(Checking any of the following will adjust your required minimum distribution.)

- This is a rollover or transfer of assets removed last year. Date of Removal
This is a transfer from my deceased spouse's SIMPLE IRA and the assets were removed from the SIMPLE IRA in any year after death. The value of my portion of my deceased spouse's SIMPLE IRA on December 31 of last year
This is a recharacterization of a conversion made last year.

PART 6. BENEFICIARY DESIGNATION

I designate that upon my death, the assets in this account be paid to the beneficiaries named below. The interest of any beneficiary that predeceases me terminates completely, and the percentage share of any remaining beneficiaries will be increased on a pro rata basis. 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 BENEFICIARIES (The total percentage designated must equal 100%.)

Name _____
Address _____
City/State/ZIP _____
Date of Birth _____ Relationship _____
Tax ID (SSN/TIN) _____ Percent Designated _____

Name _____
Address _____
City/State/ZIP _____
Date of Birth _____ Relationship _____
Tax ID (SSN/TIN) _____ Percent Designated _____

Name _____
Address _____
City/State/ZIP _____
Date of Birth _____ Relationship _____
Tax ID (SSN/TIN) _____ Percent Designated _____

Name _____
Address _____
City/State/ZIP _____
Date of Birth _____ Relationship _____
Tax ID (SSN/TIN) _____ Percent Designated _____

CONTINGENT BENEFICIARIES (The total percentage designated must equal 100%.) (The balance in the account will be payable to these beneficiaries if all primary beneficiaries have predeceased the SIMPLE IRA plan participant.)

Name _____
Address _____
City/State/ZIP _____
Date of Birth _____ Relationship _____
Tax ID (SSN/TIN) _____ Percent Designated _____

Name _____
Address _____
City/State/ZIP _____
Date of Birth _____ Relationship _____
Tax ID (SSN/TIN) _____ Percent Designated _____

Name _____
Address _____
City/State/ZIP _____
Date of Birth _____ Relationship _____
Tax ID (SSN/TIN) _____ Percent Designated _____

Name _____
Address _____
City/State/ZIP _____
Date of Birth _____ Relationship _____
Tax ID (SSN/TIN) _____ Percent Designated _____

Check here if additional beneficiaries are listed on an attached addendum. Total number of addendums attached to this SIMPLE IRA _____

PART 7. SPOUSAL CONSENT

Spousal consent should be considered if either the trust or the residence of the SIMPLE IRA plan participant is located in a community or marital property state.

CURRENT MARITAL STATUS

- I Am Not Married – I understand that if I become married in the future, I should review the requirements for spousal consent.
- I Am Married – I understand that if I choose to designate a primary beneficiary other than or in addition to my spouse, my spouse should sign below.

CONSENT OF SPOUSE

I am the spouse of the above-named SIMPLE IRA plan participant. I acknowledge that I have received a fair and reasonable disclosure of my spouse’s property and financial obligations. Because of the important tax consequences of giving up my interest in this SIMPLE IRA, I have been advised to see a tax professional.

I hereby give the SIMPLE IRA plan participant my interest in the assets or property deposited in this SIMPLE IRA and consent to the beneficiary designation indicated above. I assume full responsibility for any adverse consequences that may result. No tax or legal advice was given to me by the Custodian.

X _____
Signature of Spouse Date (mm/dd/yyyy)

PART 8. SIGNATURES

Important: Please read before signing.

I understand the eligibility requirements for the type of SIMPLE IRA deposit I am making, and I state that I do qualify to make the deposit. I have received a copy of the SIMPLE IRA Application, the 5305-SA Custodial Account Agreement, the Financial Disclosure, and the Disclosure Statement. I understand that the terms and conditions that apply to this SIMPLE IRA are contained in this Application and the Custodial Account Agreement. I agree to be bound by those terms and conditions. Within seven days from the date I open this SIMPLE IRA, I may revoke it without penalty by mailing or delivering a written notice to the custodian.

I assume complete responsibility for

- determining that I am eligible for a SIMPLE IRA each year I make a contribution,
- ensuring that all contributions I make are within the limits set forth by the tax laws, and
- the tax consequences of any contributions (including rollover contributions) and distributions.

I expressly certify that I take complete responsibility for the type of investment instrument(s) I choose to fund my IRA, and that the Custodian is released of any liability regarding the performance of any investment choice I make.

X _____
Signature of SIMPLE IRA Plan Participant Date (mm/dd/yyyy)

X _____
Signature of Custodian Date (mm/dd/yyyy)



GOLDSTAR TRUST COMPANY

FEE SCHEDULE for Self-Directed Traditional, Roth, SEP or SIMPLE IRAs and ESAs

P. O. Box 719
Canyon, TX 79015
(800) 486-6888
Fax (806) 655-2490
Info@goldstartrust.com

ACCOUNT FEES BY ASSET TYPE

Annual Maintenance, Asset Holding and Depository Storage Fees are due when the account is established and billed annually thereafter on the account opening anniversary date. • Annual Fees are not prorated. • Accounts holding multiple asset types: only one Maintenance Fee will be charged based on the asset type with the greater fee.

PRECIOUS METALS

One-Time Establishment Fee	\$50	Due with application; nonrefundable
Annual Maintenance Fee	\$75 min. / \$275 max.	\$1 per \$1000 of market value greater than \$100,000 (10 basis points) **
Annual Depository Storage Fee	\$100 min. / No max.	\$1 per \$1000 of precious metals value greater than \$100,000 (10 basis points)
Buy, Sell or Exchange	NO FEE	
Partial Distribution or Transfer In-Kind	\$40 + cost of shipping	IRA holder is responsible for actual shipping, handling and insurance costs

PERTH MINT CERTIFICATES

One-Time Establishment Fee	\$50	Due with application; nonrefundable
Annual Maintenance Fee	\$75 flat	
Annual Asset Holding Fee	\$150	
Partial Liquidation/Re-registration Fee	\$40	

BANK ACCOUNTS OUTSIDE THE U.S.

Annual Maintenance Fee	\$75 min. / \$275 max.	\$1 per \$1000 of market value greater than \$100,000 (10 basis points) **
Annual Asset Holding Fee	\$200	
Additional Purchase and/or Liquidation Order	\$75	

SWISS ANNUITIES

Annual Maintenance Fee	\$75 min. / \$275 max.	\$1 per \$1000 of market value greater than \$100,000 (10 basis points) **
Annual Asset Holding Fee	\$25	
Purchase, Distribution or Transfer	\$100	
Modification or Surrender	\$50	

STANDARD ASSETS: Includes any number or combination of Fixed-Rate Investments, Bank Certificates of Deposit, Money Market Funds, Mutual Funds, Publicly Traded Securities in U.S. Exchanges, Privately Offered Stock, Brokerage Accounts, REITs, Limited Liability Company Stock, Secondary Market Annuities, Crowdfunding Investments, Structured Cash Flows and Hedge Funds.

One-Time Establishment Fee	\$25	Due with application; nonrefundable
Annual Maintenance Fee	\$65 flat	
Additional fees charged when applicable:		
Hedge Fund Annual Asset Holding Fee	\$50	Unlimited number of hedge funds allowed
Transaction Fees for Security Trades	\$25 each + brokerage fees (at cost)	Applies to stock trades through GoldStar's omnibus account

CHURCH BONDS / CHURCH LOAN AND EXTENSION FUNDS

Annual Maintenance Fee	\$45 flat	
Partial Transfer or Distribution In-Kind Fee	\$25	Church Bonds/Loan and Extension Fund investments only
Bond Re-Registration Fee: GoldStar Bonds	\$10 each	
Bond Re-Registration Fee: Other Bonds	Varies	Subject to other Trustees' re-registration fees
Full Termination Fee	\$50	Church Bonds/Loan and Extension Fund investments only

SERVICE FEES

Distribution Via Check Fee	\$5	Partial Transfer of Cash Fee	\$25
Distribution Via ACH	NO FEE	Partial Transfer of Assets / Distribution In-Kind Fee	\$40
Wire Fee	\$25	Recharacterization Fee	\$40
Overnight Fee	\$25	Excess Contribution Removal Fee	\$40
Research Assistance Fee	\$50/hour	Roth Conversion Fee	\$40
Insufficient Funds / Returned Check Fee	\$50	Late Fee: <i>Applies to any fees not paid within 30 days of the due date.</i>	\$25 per occurrence
Full Termination Fee	\$100		

CASH MANAGEMENT FEE: GoldStar Trust Company receives a monthly record keeping fee on the uninvested cash equal to .000833 or 1.00% per annum. If and when the interest rate earned on the uninvested cash in a given month is below 1.15%, .15% will be paid on the uninvested cash and the difference will be retained as the record keeping fee. Interest earnings will be posted monthly to each account. No interest will be earned during the month an account closes.

RIGHT TO MAKE ADJUSTMENTS TO THIS FEE SCHEDULE: GoldStar Trust Company reserves the right to make any adjustments in its fees for custodial or agency services when such adjustments are warranted by changes in governing laws, regulations, operating technology or economic conditions. This schedule may be modified only upon revision by GoldStar of its published schedule of IRA fees. Such fees shall become effective on the 30th day after mailing the notice of such revision to the participant at the address shown on the records of GoldStar.

** The minimum \$75 Maintenance Fee applies up to \$100,000 of market value; thereafter, 10 basis points applies.

FINANCIAL DISCLOSURE

SELF-DIRECTED IRA OR ESA: This account is termed a Self-Directed Individual Retirement Account (IRA) or Education Savings Account (ESA). You may direct the investment of your funds within this IRA or ESA into any investment instrument approved by, or through GoldStar Trust Company. GoldStar Trust Company will not exercise any investments discretion regarding your IRA or ESA, as this is solely your responsibility.

Because this is a Self-Directed IRA or ESA, no projection of the growth of your IRA or ESA can be reasonably shown or guaranteed. The value of your IRA or ESA will be solely dependent upon the performance of any investment instrument chosen by you.

INVESTMENT OPTIONS:

This is a Self-Directed IRA or ESA; you choose the investments which will fund your IRA or ESA. Your investment choices are limited to:

- Precious Metals: gold, silver, platinum and palladium American Eagles and other bullion coins and bars that meet the minimum fineness requirements as allowed under Internal Revenue Code Section 408(m)(3)
- Perth Mint Certificates
- Swiss Annuities
- Approved Bank Accounts Outside the U.S.
- Crowdfunding Investments
- Mutual Funds
- Hedge Funds
- Publicly Traded Securities in U.S. Exchanges
- Privately Offered Stock
- Brokerage Accounts
- REITs (public and non-traded)
- Limited Liability Company Stock
- Structured Cash Flows
- Church Bonds
- Charter School Bonds
- Church Loan and Extension Fund Investments
- Fixed-Rate Investments
- Bank Certificates of Deposit
- Money Market Funds
- Secondary Market Annuities

Examples of investments NOT permitted in the Self-Directed IRA or ESA are Limited Partnerships, Real Estate, Collectibles, Viaticals and Promissory Notes.

EARNINGS:

The method for computing and allocating annual earnings (interest, dividends, etc.) on your investments will vary with the nature and issuer of the investment chosen. Please refer to the prospectus or contract of the investment(s) of your choice for the method(s) used for computing and allocating annual earnings. The valuations of nonstandard assets such as Privately Offered Stock and other Private Placement Investments are reported at either the most recent price provided to the custodian by the investment issuer or at investment cost. Nonstandard assets are generally illiquid, and the custodian does not seek to verify the valuations provided to it by the investment issuer. The custodian does not guarantee that the reported valuation could be received in the event the position was sold or liquidated. As such, the reported valuation may be different from the actual value and should be used as guidance and for reporting purposes only since the valuation was not obtained or verified by a third party.

Custodian shall be under no obligation to forward any proxies, financial statements or other literature received by it in connection with or relating to Custodial Property held under this agreement. Custodian shall be under no obligation to take any action with regard to proxies, stock dividends, warrants, rights to subscribe, plans of reorganization or recapitalization, or plans for exchange of securities.

IRA CUSTOMER IDENTIFICATION REQUIREMENTS

Section 326 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) authorizes and requires the Department of the Treasury to add to its rules for banks to establish Customer Identification Programs. Previously, trust companies were not treated as banks and trust relationships were not treated as "accounts." However, GoldStar and the GoldStar IRA account establishment process are now subject to these requirements.

NOTICE

Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

When you open an account, we will ask for your name, residence address, social security number, date of birth, and other information that will allow us to identify you. We may also ask for copies of your passport, driver's license or other identifying documents.

We are required to compare your identity to lists of persons and organizations maintained by any federal agency designated by the Department of the Treasury. If your name appears on any of these lists, we must refuse to open your account, close your account if it is already open, notify federal authorities, and follow all federal directives. If you attempt to falsify or conceal your identity, we may be required to file a Suspicious Activity Report.

We may also use independent sources to verify identifying information. Federal law requires us to retain the identification information for a certain period of time (currently five years after closing your account), and may require that we provide this information to federal authorities without notice to you.

This notice is in addition to our Privacy Disclosure and may describe potential disclosures of non-public personal information that were not known to us at the time that the Privacy Disclosure was prepared.

IDENTIFYING DOCUMENTS REQUESTED

The easiest means for GoldStar to comply is to receive documents with your application, such as:

- Completion of the Customer Identification Requirements section of the IRA Application
- Any document with your notarized signature
- A notarized copy of your passport or driver's license or other state-issued photo ID that is not expired
- An ordinary copy of your unexpired photo ID, if GoldStar is able to complete other procedures

IDENTIFYING DOCUMENTS REQUIRED

If you intend to direct investment outside the U.S., GoldStar will require a notarized copy of your passport (or driver's license if you do not have a passport). This may be the same document that is to be forwarded to a non-U.S. bank.

QUESTIONS OR CONCERNS?

GoldStar Trust Company
Investor Services Department
P.O. Box 719
Canyon, TX 79015
(800) 486-6888



SIMPLE INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

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

FORM (Rev. March 2002)

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

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

The participant and the custodian make the following agreement:

ARTICLE I

The custodian will accept cash contributions made on behalf of the participant by the participant's employer under the terms of a SIMPLE IRA plan described in section 408(p). In addition, the custodian will accept transfers or rollovers from other SIMPLE IRAs of the participant. No other contributions will be accepted by the custodian.

ARTICLE II

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

ARTICLE III

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

ARTICLE IV

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

- (ii) the designated beneficiary is not the participant's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the participant and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.
 - (iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the participant as determined in the year of the participant's death and reduced by 1 for each subsequent year.
- (b) If the participant dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated beneficiary, in accordance with (ii) below:
 - (i) the remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the participant's death. If, however, the designated beneficiary is the participant's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the participant would have reached age 70½. But, in such case, if the participant's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with (ii) below if there is no such designated beneficiary.
 - (ii) the remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the participant's death.
 4. If the participant dies before his or her entire interest has been distributed and if the designated beneficiary is not the participant's surviving spouse, no additional contributions may be accepted in the account.
 5. The minimum amount that must be distributed each year, beginning with the year containing the participant's required beginning date, is known as the "required minimum distribution" and is determined as follows:
 - (a) the required minimum distribution under paragraph 2(b) for any year, beginning with the year the participant reaches age 70½, is the participant's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the participant's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the participant's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the participant's (or, if applicable, the participant and spouse's) attained age (or ages) in the year.
 - (b) the required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the participant's death (or the year the participant would have reached age 70½, if applicable under paragraph 3(b)(i)) is the account value

at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).

(c) the required minimum distribution for the year the participant reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.

6. The owner of two or more IRAs (other than Roth IRAs) may satisfy the minimum distribution requirements described above by taking from one IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

ARTICLE V

1. The participant agrees to provide the custodian with all information necessary to prepare any reports required by sections 408(i) and 408(l)(2) and Regulations sections 1.408-5 and 1.408-6.

2. The custodian agrees to submit to the Internal Revenue Service (IRS) and participant the reports prescribed by the IRS.

3. The custodian also agrees to provide the participant's employer the summary description described in section 408(l)(2) unless this SIMPLE IRA is a transfer SIMPLE IRA.

ARTICLE VI

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

ARTICLE VII

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

ARTICLE VIII

8.01 **Definitions** – In this part of this agreement (Article VIII), the words “you” and “your” mean the participant. The words “we,” “us,” and “our” mean the custodian. The word “Code” means the Internal Revenue Code, and “regulations” means the Treasury regulations.

8.02 **Notices and Change of Address** – Any required notice regarding this SIMPLE IRA will be considered effective when we send it to the intended recipient at the last address that we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You, or the intended recipient, must notify us of any change of address.

8.03 **Representations and Responsibilities** – You represent and warrant to us that any information you have given or will give us with respect to this agreement is complete and accurate. Further, you agree that any directions you give us or action you take will be proper under this agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, if we receive ambiguous directions regarding any transaction, or if we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We will not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions, or failures to act. We will not be responsible for

any penalties, taxes, judgments, or expenses you incur in connection with your SIMPLE IRA. We have no duty to determine whether your contributions or distributions comply with the Code, regulations, rulings, or this agreement.

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

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

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

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

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

8.05 **Service Fees** – We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover, or termination fee) for maintaining your SIMPLE IRA. In addition, we have the right to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your SIMPLE IRA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your SIMPLE IRA at our discretion. We reserve the right to charge any additional fee after giving you 30 days' notice. Fees such as subtransfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this SIMPLE IRA.

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

8.06 Investment of Amounts in the SIMPLE IRA – You have exclusive responsibility for and control over the investment of the assets of your SIMPLE IRA. All transactions shall be subject to any and all restrictions or limitations, direct or indirect, which are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed; our policies and practices; and this Agreement. After your death, your beneficiary(ies) shall have the right to direct the investment of your SIMPLE IRA assets, subject to the same conditions that applied to you during your lifetime under this Agreement (including, without limitation, Section 8.03 of this article). We shall have no discretion to direct any investment in your SIMPLE IRA. We assume no responsibility for rendering investment advice with respect to your SIMPLE IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your SIMPLE IRA. In the absence of instructions from you, or if your instructions are not in a form acceptable to us, we shall have the right to hold any uninvested amounts in cash. We shall be entitled on a daily basis to sweep all IRA account balances. Such balances shall be invested in short-term investments, which shall include insured savings accounts, insured savings certificates, federal funds, insured money market accounts, government securities, federal agency securities, and treasury notes, bonds and bills in which book value and interest is guaranteed (including any of the foregoing offered by Happy State Bank) (“Temporary Investments”). We shall have all power and authority necessary to hold, administer, vote and negotiate such Temporary Investment so as to enforce every right and benefit thereunder on your behalf. In making all Temporary Investments, we shall not be limited to investments now or hereinafter designated by statute or decision of a court as “legal investments” for funds held by fiduciaries. You hereby agree that we may, but shall not be required (unless required under applicable law) to inform you by forwarding materials or otherwise communicating with you under the provisions of Article VIII as to any questions, decisions or other matters for which a vote may be requested, necessary or helpful as to any Temporary Investment, and we shall thereafter have no responsibility whatsoever with respect thereto. You agree and acknowledge that unless required by applicable law, we are not responsible for communicating, forwarding, or notifying any party, including you, with respect to any communication or matter which comes to the attention of or is received by us with respect to Trust investments, including Temporary Investments, and that you are responsible for making separate arrangements for receiving such communications. We will not exercise the voting rights and other shareholder rights with respect to investments in your SIMPLE IRA unless you provide timely written directions acceptable to us.

You will select the type of investment for your SIMPLE IRA assets, provided, however, that your selection of investments shall be limited to those types of investments that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact offer for investment in SIMPLE IRAs. We may, in our sole discretion, make available to you, additional investment offerings, which shall be limited to publicly traded securities, mutual funds, money market instruments and other investments that are obtainable by us and that we are capable of holding in the ordinary course of our business.

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

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

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

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

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

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

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

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

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

8.09 Termination of Agreement, Resignation, or Removal of Custodian – Either party may terminate this agreement at any time by giving written notice to the other. We can resign as custodian at any time effective 30 days after we send written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your SIMPLE IRA to another financial organization. If you do not complete a transfer of your SIMPLE IRA within 30 days from the date we send the notice to you, we have the right to transfer your

SIMPLE IRA assets to a successor SIMPLE IRA trustee or custodian that we choose in our sole discretion, or we may pay your SIMPLE IRA to you in a single sum. We will not be liable for any actions or failures to act on the part of any successor trustee or custodian, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

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

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

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

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

- 8.10 **Successor Custodian** – If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion that includes your SIMPLE IRA) is bought by another organization, that organization (or agency) will automatically become the trustee or custodian of your SIMPLE IRA, but only if it is the type of organization authorized to serve as a SIMPLE IRA trustee or custodian.
- 8.11 **Amendments** – We have the right to amend this agreement at any time. Any amendment we make to comply with the Code and related regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we send the amendment, you notify us in writing that you do not consent.
- 8.12 **Withdrawals or Transfers** – All requests for withdrawal or transfer will be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing or in any other method acceptable to us. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals will be subject to all applicable tax and other laws and regulations, including but not limited to possible early distribution penalty taxes, surrender charges, and withholding requirements.
- 8.13 **Transfers From Other Plans** – We can receive amounts transferred or rolled over to this SIMPLE IRA from the trustee or custodian of another SIMPLE IRA. We reserve the right not to accept any transfer or rollover.
- 8.14 **Liquidation of Assets** – We have the right to liquidate assets in your SIMPLE IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties, or surrender charges properly chargeable against your SIMPLE IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree to not hold us liable for any adverse consequences that result from our decision.
- 8.15 **Restrictions on the Fund** – Neither you nor any beneficiary may sell, transfer, or pledge any interest in your SIMPLE IRA in any manner whatsoever, except as provided by law or this agreement.

The assets in your SIMPLE IRA will not be responsible for the debts, contracts, or torts of any person entitled to distributions under this agreement.

- 8.16 **What Law Applies** – This agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this agreement, the law of our domicile will govern.

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

- 8.17 **Summary Description Requirements** – Notwithstanding Article V above, we will be deemed to have satisfied our summary description reporting requirements under Internal Revenue Code (IRC) Section 408(l)(2) if either

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

- 8.18 **Broker** – The Broker will be responsible for the execution of securities orders. The Broker may require that you sign an agreement which sets forth, among other things, its responsibilities and your responsibilities regarding securities transactions for your IRA.

- 8.19 **Prohibited Transaction** – If during any taxable year you engage in a so-called “prohibited transaction” with respect to your regular IRA, Spousal IRA, SEP-IRA, or Rollover IRA, the account will lose its tax-exempt status. In this event, the fair market value of all account assets, valued as of the first day of such taxable year, will be deemed distributed to you and includible in your gross income. These prohibited transactions would include borrowing money from your account or pledging your account or any portion thereof as security for a loan. If you pledge your account or any portion thereof as security for a loan, such pledge position will be deemed distributed to you and includible in your gross income. If you have not yet attained age fifty-nine and one-half (59½) years of age, an additional excise tax equal to ten percent (10%) of the amount pledged will be imposed on such funds includible in gross income. Similarly, if your spouse engages in a prohibited transaction with respect to his or her account, it will result in the same consequences because he or she is the individual for whose benefit the account was established.

The assets in your IRA shall not be responsible for the debt, contracts or torts of any person entitled to distributions under this Agreement.

- 8.20 **Mediation/Arbitration** – If a dispute arises out of or relates to this agreement, or the performance or breach thereof, the parties agree first to try in good faith to settle the dispute by mediation under the commercial mediation rules of the American Arbitration Association, before resorting to the arbitration. Thereafter, any remaining unresolved controversy or claim arising out of or relating to this agreement, or the performance or breach thereof, shall be settled by arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. Any mediation or arbitration shall be conducted in Canyon, TX. The sole arbitrator shall be a retired or former judge of the Randall or Potter County District Courts. Judgement upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

GENERAL INSTRUCTIONS

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

PURPOSE OF FORM

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

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

For more information on SIMPLE IRAs, including the required disclosures the custodian must give the participant, see Pub. 590, *Individual Retirement Arrangements (IRAs)*.

DEFINITIONS

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

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

TRANSFER SIMPLE IRA

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

SPECIFIC INSTRUCTIONS

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

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

DISCLOSURE STATEMENT

RIGHT TO REVOKE YOUR SIMPLE IRA

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

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

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

REQUIREMENTS OF A SIMPLE IRA

- A. **Cash Contributions** – Your contribution must be in cash, unless it is a rollover contribution.
- B. **Maximum Contribution** – The only contributions that may be made to your SIMPLE IRA are employee elective deferrals under a qualified salary reduction agreement, employer contributions, and other contributions allowed by the Code or related regulations, that are made under a SIMPLE IRA plan maintained by your employer. Employee elective deferrals may not exceed the lesser of 100 percent of your compensation for the calendar year or \$12,000 for 2014 or \$12,500 for 2015, with possible cost-of-living adjustments each year thereafter. Your employer may make additional contributions to your SIMPLE IRA within the limits prescribed in Internal Revenue Code Section (IRC Sec.) 408(p). Your employer is required to provide you with information that describes the terms of its SIMPLE IRA plan.

- C. **Catch-Up Contributions** – If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your SIMPLE IRA. The maximum additional contribution is \$2,500 for 2014 or \$3,000 for 2015, with possible cost-of-living adjustments each year thereafter.
- D. **Nonforfeitablety** – Your interest in your SIMPLE IRA is nonforfeitable.
- E. **Eligible Custodians** – The custodian of your SIMPLE IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.
- F. **Commingling Assets** – The assets of your SIMPLE IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- G. **Life Insurance** – No portion of your SIMPLE IRA may be invested in life insurance contracts.
- H. **Collectibles** – You may not invest the assets of your SIMPLE IRA in collectibles (within the meaning of IRC Sec. 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum or palladium bullion (as described in IRC Sec. 408(m)(3)) also are permitted as SIMPLE IRA investments.
- I. **Required Minimum Distributions** – You are required to take minimum distributions from your SIMPLE IRA at certain times in accordance with Treasury Regulation 1.408-8. Below is a summary of the SIMPLE IRA distribution rules.

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

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

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

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

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

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

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

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

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

your death. Generally, if your spouse is the designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 70½, if later. If a beneficiary other than a person or qualified trust as defined in the Treasury Regulations is named, you will be treated as having no designated beneficiary of your SIMPLE IRA for purposes of determining the distribution period. If there is no designated beneficiary of your SIMPLE IRA, the entire SIMPLE IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

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

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

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

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

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

For more information on QLACs, you may wish to refer to the IRS website at www.irs.gov.

INCOME TAX CONSEQUENCES OF ESTABLISHING A SIMPLE IRA

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

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

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

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

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

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

2015 Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1 – 36,500	\$1 – 27,375	\$1 – 18,250	50
\$36,501 – 39,500	\$27,376 – 29,625	\$18,251 – 19,750	20
\$39,501 – 61,000	\$29,626 – 45,750	\$19,751 – 30,500	10
Over \$61,000	Over \$45,750	Over \$30,500	0

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

- D. **Tax-Deferred Earnings** – The investment earnings of your SIMPLE IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).
- E. **Excess Contributions** – If you defer more than the maximum allowable limit for the tax year, you have an excess deferral and must correct it. Excess deferrals, adjusted for earnings, must be distributed from your SIMPLE IRA.

If your employer mistakenly contributes too much to your SIMPLE IRA as an employer contribution, your employer may effect distribution of the employer excess amount, adjusted for earnings through the date of distribution. The amount distributed to the employer is not includible in your gross income.
- F. **Income Tax Withholding** – Any withdrawal from your SIMPLE IRA is subject to federal income tax withholding. You may, however, elect not to have withholding apply to your SIMPLE IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.
- G. **Early Distribution Penalty Tax** – If you receive a SIMPLE IRA distribution before you attain age 59½, an additional early distribution penalty tax of 10 percent (25 percent if less than two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer) will apply to the taxable amount of the distribution unless one of the following exceptions apply.
 - 1) **Death.** After your death, payments made to your beneficiary are not subject to the 10 percent early distribution penalty tax.
 - 2) **Disability.** If you are disabled at the time of distribution, you are not subject to the additional 10 percent early distribution penalty tax. In order to be disabled, a physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration.
 - 3) **Substantially equal periodic payments.** You are not subject to the additional 10 percent early distribution penalty tax if you are taking a series of substantially equal periodic payments (at least annual payments) over your life expectancy or the joint life expectancy of you and your beneficiary. You must continue these payments for the longer of five years or until you reach age 59½.
 - 4) **Unreimbursed medical expenses.** If you take payments to pay for unreimbursed medical expenses exceeding 10 percent of your adjusted gross income, you will not be subject to the 10 percent early distribution penalty tax. The medical expenses may be for you, your spouse, or any dependent listed on your tax return.
 - 5) **Health insurance premiums.** If you are unemployed and have received unemployment compensation for 12 consecutive weeks

under a federal or state program, you may take payments from your SIMPLE IRA to pay for health insurance premiums without incurring the 10 percent early distribution penalty tax. 6) **Higher education expenses.** Payments taken for certain qualified higher education expenses for you, your spouse, or the children or grandchildren of you or your spouse, will not be subject to the 10 percent early distribution penalty tax. 7) **First-time homebuyer.** You may take payments from your SIMPLE IRA to use toward qualified acquisition costs of buying or building a principal residence. The amount you may take for this reason may not exceed a lifetime maximum of \$10,000. The payment must be used for qualified acquisition costs within 120 days of receiving the distribution. 8) **IRS levy.** Payments from your SIMPLE IRA made to the U.S. government in response to a federal tax levy are not subject to the 10 percent early distribution penalty tax. 9) **Qualified reservist distributions.** If you are a qualified reservist member called to active duty for more than 179 days or an indefinite period, the payments you take from your SIMPLE IRA during the active duty period are not subject to the 10 percent early distribution penalty tax.

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

- H. **Rollovers and Conversions** – Your SIMPLE IRA may be rolled over to another SIMPLE IRA or Traditional IRA of yours, may receive rollover contributions from another SIMPLE IRA, or may be converted to a Roth IRA, provided that all of the applicable rollover and conversion rules are followed. Rollover is a term used to describe a movement of cash or other property from your SIMPLE IRA to either a Traditional IRA or another SIMPLE IRA, or from your SIMPLE IRA to your employer’s qualified retirement plan, 403(a) annuity plan, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan after a two-year period has been satisfied. The amount rolled over is not subject to taxation or the additional 10 percent early distribution penalty tax. Conversion is a term used to describe the movement of SIMPLE IRA assets to a Roth IRA. A conversion generally is a taxable event. The general rollover and conversion rules are summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.
 1. **SIMPLE IRA-to-SIMPLE IRA Rollovers.** Assets distributed from your SIMPLE IRA may be rolled over to a SIMPLE IRA of yours if the requirements of IRC Sec. 408(d)(3) are met. A proper SIMPLE IRA-to-SIMPLE IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days.

Effective for distributions taken on or after January 1, 2015, you are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at www.irs.gov.
 2. **SIMPLE IRA to Traditional IRA Rollovers.** Assets distributed from your SIMPLE IRA may be rolled over to your Traditional IRA without IRS penalty tax, provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with SIMPLE IRA-to-SIMPLE IRA rollovers, the requirements of IRC Sec. 408(d)(3) must be met. A proper SIMPLE IRA to Traditional IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received.

Effective for distributions taken on or after January 1, 2015, you are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at www.irs.gov.

3. **SIMPLE IRA to Employer-Sponsored Retirement Plan Rollovers.** You may roll over, directly or indirectly, any eligible rollover distribution from a SIMPLE IRA to an employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan, provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. The employer-sponsored retirement plan, however, must allow for such rollover contributions. A SIMPLE IRA may not receive rollovers from employer-sponsored retirement plans.
 4. **SIMPLE IRA to Roth IRA Conversions.** You are eligible to convert all or any portion of your existing SIMPLE IRA(s) into your Roth IRA(s), provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. If you convert to a Roth IRA, the amount of the conversion from your SIMPLE IRA to your Roth IRA will be treated as a distribution for income tax purposes, and is includible in your gross income. Although the conversion amount generally is included in income, the 10 percent early distribution penalty tax will not apply to conversions from a SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent early distribution penalty tax. If you are age 70½ or older you must remove your required minimum distribution before converting your SIMPLE IRA.
 5. **Written Election.** At the time you make a rollover to a SIMPLE IRA, you must designate in writing to the custodian your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.
- I. **Recharacterizations** – If you have converted from a SIMPLE IRA to a Roth IRA, you may recharacterize the conversion along with net income attributable back to the SIMPLE IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions) for the year in which the conversion was completed.

LIMITATIONS AND RESTRICTIONS

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

- E. **Pledging** – If you pledge any portion of your SIMPLE IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for that year.

OTHER

- A. **IRS Plan Approval** – The agreement used to establish this SIMPLE IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.
- B. **Additional Information** – For further information on SIMPLE IRAs, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements (IRAs)*, by calling 1-800-TAX-FORM, or by visiting www.irs.gov on the Internet.
- C. **Important Information About Procedures for Opening a New Account** – To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. Therefore, when you open a SIMPLE IRA, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.
- D. **Qualified Reservist Distributions** – If you are an eligible qualified reservist who has taken penalty-free qualified reservist distributions from your SIMPLE IRA or retirement plan, you may recontribute those amounts to an IRA generally within a two-year period from your date of return.
- E. **Disaster Related Relief** – If you qualify (for example, you sustained an economic loss due to, or are otherwise considered affected by, certain IRS designated disasters), you may be eligible for favorable tax treatment on distributions, rollovers, and other transactions involving your SIMPLE IRA. Qualified disaster relief may include penalty-tax free early distributions made during specified timeframes for each disaster, the ability to include distributions in your gross income ratably over multiple years, the ability to roll over distributions to an eligible retirement plan without regard to the 60-day rollover rule, and more. For additional information on specific disasters, including a complete listing of disaster areas, qualification requirements for relief, and allowable disaster-related SIMPLE IRA transactions, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at www.irs.gov.