



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

# Individual Retirement Arrangement (IRA) Application

## Simplified Employee Pension (SEP) Adoption Agreement

PTC IRA Account Number

Where did you hear about Preferred Trust Company?

### SECTION 1 | Employer Information

Adopting Employer Name

Street Address

City  State  Zip Code

Phone  Adopting Employer Federal Tax ID#

### SECTION 2 | Effective Dates

Effective or Initial Adoption Date of SEP Plan  Amendment & Restatement Date of Existing SEP Plan

### SECTION 3 | Eligibility Requirements (5305-SEP Article I and II)

#### SERVICE REQUIREMENTS

An employee will be eligible to become a Participant in the SEP Plan after having performed service for the Employer during at least  (not to exceed 3 years) of the immediately preceding five years.

#### AGE REQUIREMENTS

An employee will be eligible to become a Participant in the SEP Plan after attaining age  (not to exceed 21 years of age).

#### PLAN REQUIREMENTS

This SEP Plan **includes** the following:

- Employees covered under a collective bargaining agreement.
- Non-resident aliens
- Employees whose total compensation during the year is less than \$550\*

This SEP Plan **does not include** the following:

- Employees covered under a collective bargaining agreement.
- Non-resident aliens
- Employees whose total compensation during the year is less than \$550\*

#### CONTRIBUTIONS & ALLOCATIONS

The Employer agrees that contributions made on behalf of each eligible employee will comply with Form 5305-SEP (last version is December 2004) contribution based only on the first \$305,000\* of employee compensation, the same percentage of compensation for every employee, limited annually to the smaller of \$61,000\* or 25% of employee's compensation, and paid to the employee's IRA trustee, custodian, or insurance company (for annuity contract). \* Subject to IRS annual cost-of-living adjustments.

Select the contribution formula:

**Discretionary Formula** (For each SEP Plan year the Employer will contribute an amount to be determined from year to year.)

**Fixed Percentage of Profits Formula**  % of the Employer's portion that are in excess of \$

## SECTION 4 | Employer Signature

I acknowledge that I have relied upon my own advisors regarding the completion of this Adoption Agreement and the potential legal and tax implications of adopting the SEP Plan. I understand that my failure to properly complete this Adoption Agreement may result in adverse tax consequences. I have retained a copy of this Adoption Agreement. I further acknowledge that as the SEP Plan Employer that the Employer is responsible for the annual IRA Account Administration Fee based upon the total SEP Plan Account Value.

Adopting Employer Signature

Date

Authorized Signor Name

### ADDITIONAL INFORMATION

IRS Form 5305-SEP (Rev. December 2004) Simplified Employee Pension - Individual Retirement Accounts Contribution Agreement (Under section 408(k) of the Internal Revenue Code). Section references are to the Internal Revenue Code unless otherwise noted.

#### Article I

See Adoption Agreement section of SEP Application for applicable details to Article I.

#### Article II

See Adoption Agreement section of SEP Application for applicable details to Article II.

#### Purpose of the 5305-SEP or Adoption Agreement

Form 5305-SEP or Adoption Agreement is used by an employer to make an agreement to provide benefits to all eligible employees under a simplified employee pension (SEP) described in section 408(k). Do not file Form 5305-SEP with the IRS. Keep it with your records. For more information on SEPs and IRAs, see Publication 560, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans), and Publication 590, Individual Retirement Arrangements (IRAs).

#### Instructions to the Employer

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

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

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

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

**Eligible employees.** All eligible employees must be allowed to participate in the SEP. An eligible employee is any employee who: (1) is at least 21 years old, and (2) has performed "service" for you in at least 3 of the immediately preceding 5 years. You can establish less restrictive eligibility requirements, but not more restrictive ones. Service is any work performed for you for any period of time, however short. If you are a member of an affiliated service group, a controlled group of corporations, or trades or businesses under common control, service includes any work performed for any period of time for any other member of such group, trades, or businesses.

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

1. Employees covered by a collective bargaining agreement whose retirement benefits were bargained for in good faith by you and their union,
2. Nonresident alien employees who did not earn U.S. source income from you, and
3. Employees who received less than \$550\* in compensation during the year.

**Contribution Limits.** You may make an annual contribution of up to 25% of the employee's compensation or \$41,000\*, whichever is less. Compensation, for this purpose, does not include employer contributions to the SEP or the employee's compensation in excess of \$205,000\*. If you also maintain a salary reduction SEP, contributions to the two SEPs together may not exceed the smaller of \$41,000\* or 25% of compensation for any employee. You are not required to make contributions every year, but when you do, you must contribute to the SEP-IRAs of all eligible employees who actually performed services during the year of the contribution.

\* Specific to 2004.

This includes eligible employees who die or quit working before the contribution is made. Contributions cannot discriminate in favor of highly compensated employees. Also, you may not integrate your SEP contributions with, or offset them by, contributions made under the Federal Insurance Contributions Act (FICA). If this SEP is intended to meet the top-heavy minimum contribution rules of section 416, but it does not cover all your employees who participate in your salary reduction SEP, then you must make minimum contributions to IRAs established on behalf of those employees.

**Deducting Contributions.** You may deduct contributions to a SEP subject to the limits of section 404(h). This SEP is maintained on a calendar year basis and contributions to the SEP are deductible for your tax year with or within which the calendar year ends. Contributions made for a particular tax year must be made by the due date of your income tax return (including extensions) for that tax year.

**Completing the agreement.** This agreement is considered adopted when:

- IRAs have been established for all your eligible employees
- You have completed all blanks on the agreement form without modification; and
- You have given all your eligible employees the following information:
  1. A copy of Form 5305-SEP
  2. A statement that traditional IRAs other than the traditional IRAs into which employer SEP contributions will be made may provide different rates of return and different terms concerning, among other things, transfers and withdrawals of funds from the IRAs.
  3. A statement that, in addition to the information provided to an employee at the time the employee becomes eligible to participate, the administrator of the SEP must furnish each participant within 30 days of the effective date of any amendment to the SEP, a copy of the amendment and a written explanation of its effects.
  4. A statement that the administrator will give written notification to each participant of any employer contributions made under the SEP to that participant's IRA by the later of January 31 of the year following the year for which a contribution is made or 30 days after the contribution is made.

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

#### Information for the Employee

The information below explains what a SEP is, how contributions are made, and how to treat your employer's contributions for tax purposes. For more information, see Pub. 590. **Simplified Employee Pension.** A SEP is a written arrangement (a plan) that allows an employer to make contributions toward your retirement. Contributions are made to a traditional individual retirement account/annuity (traditional IRA). Contributions must be made to either a Model traditional IRA executed on an IRS form or a master or prototype traditional IRA for which the IRS has issued a favorable opinion letter. An employer is not required to make SEP contributions. If a contribution is made, however, it must be allocated to all eligible employees according to the SEP agreement. The Model SEP (Form 5305-SEP) specifies that the contribution for each eligible employee will be the same percentage of compensation (excluding compensation greater than \$205,000\*) for all employees.

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

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

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

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

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

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

An employer may not adopt this IRS Model SEP if the employer maintains another qualified retirement plan. This does not prevent your employer from adopting this IRS Model SEP and also maintaining an IRS Model Salary Reduction SEP or other SEP.

However, if you work for several employers, you may be covered by a SEP of one employer and a different SEP or pension or profit-sharing plan of another employer.

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

**Withdrawals.** You may withdraw your employer's contribution at any time, but any amount withdrawn is includible in your income unless rolled over. Also, if withdrawals occur before you reach age 59 ½, you may be subject to a tax on early withdrawal.

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

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

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

In addition, the financial institution must provide you with a financial statement each year. You may want to keep these statement to evaluate your IRAs investment performance.



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

# Individual Retirement Arrangement (IRA) Application

Traditional Application Associated with SEP Plan

PTC IRA Account Number

Where did you hear about Preferred Trust Company?

## SECTION 1 | Type of Account and Title

Traditional Associated with SEP Plan

Vesting (Ownership Title)

**Example:** SEP: Preferred Trust Company, LLC FBO (For the Benefit Of) Jane Doe, SEP IRA

## SECTION 2 | IRA Account Owner Information

To help the government fight the funding of terrorism and money laundering activities, Federal law (Section 326 of the USA PATRIOT Act of 2001) requires all financial institutions to obtain, verify and record information that identifies each individual or institution who opens an account with Preferred Trust Company. When you open an account, we are required to obtain your name, address, date of birth, social security number or tax identification number and other information that will allow us to identify you. As appropriate, we may also ask to see your driver's license or other identifying documents. This information will be verified to ensure the identity of all persons opening an account. The information may be compared to information obtained through third party sources, as permitted by law. If we cannot verify this information, your account may not be opened, or it may be restricted and/or closed. Preferred Trust Company is not responsible for any losses or damages including, but not limited to, lost opportunities you may incur.

First Name  Initial  Last Name

SSN  DOB (MM/DD/YY)  Email

Phone Number  Cell Phone Number

Street Address  City  State  Zip Code

Approved documents include any unexpired, government issued photo ID including a driver's license, U.S. Passport, state issued photo ID card and military ID.

Identification Type  Identification Number  State Issued  Issue Date   
 Expiration Date

## SECTION 3 | Automatic Contribution (not applicable to Inherited IRAs)

Preferred Trust Company accepts automatic cash contributions to an IRA account. There is no fee associated with automatic contribution transactions. Funds are deducted from a checking or savings account. The financial institution must be a member of the Automated Clearing House (ACH). Deductions will be processed on or about the 5th and/or the 20th of each month. The minimum automatic contribution is \$25.00 and the maximum is dependent on the allowable maximum amount in accordance with IRS rules and regulations of Publication 590 for the current year. Preferred Trust Company reserves the right to cancel an automatic contribution should the ACH deduction be rejected due to insufficient funds or incorrect account information.

**FREQUENCY**  Monthly on **5th**  Monthly on **20th**  Twice Monthly on 5th **and** 20th  Annual Contribution

**DEDUCTION** Deduction Amount (minimum \$25.00)

**BANK INFORMATION** | Preferred Trust Company requires a copy of a **VOIDED** check for Automatic Contributions to be setup. Notify Preferred Trust Company if the bank information changes. An ACH that is rejected will be assessed a **\$30.00** ACH Automatic Contribution Rejection Fee.

Name of Financial Institution  Account Type  Checking  Savings

Bank Account Number  Routing Number

## SECTION 4 | Beneficiary Designation Information

At the time of my death, the primary beneficiaries named below will receive my IRA assets. If all of my primary beneficiaries die before me, the contingent beneficiaries named below will receive my IRA assets. In the event a beneficiary dies before me, such beneficiaries share will be reallocated on a pro-rata basis to the other beneficiaries that share the deceased beneficiaries classification as a primary or contingent beneficiary. If all of the beneficiaries die before me, my IRA assets will be paid to my estate. If no percentages are assigned to beneficiaries, the beneficiaries will share equally. If the percentage total for each beneficiary classification does not equal 100%, any remaining percentage will be divided equally among the beneficiaries within such class. This designation revokes and supersedes all earlier beneficiary designations which may apply to this IRA.

### BENEFICIARY TYPE

Primary  Contingent

Share %  Name of Beneficiary

Beneficiary DOB (MM/DD/YY)  SSN or Taxpayer ID  Relationship to IRA Owner

Street Address  City  State  Zip Code

Phone Number  Email

### BENEFICIARY TYPE

Primary  Contingent

Share %  Name of Beneficiary

Beneficiary DOB (MM/DD/YY)  SSN or Taxpayer ID  Relationship to IRA Owner

Street Address  City  State  Zip Code

Phone Number  Email

### BENEFICIARY TYPE

Primary  Contingent

Share %  Name of Beneficiary

Beneficiary DOB (MM/DD/YY)  SSN or Taxpayer ID  Relationship to IRA Owner

Street Address  City  State  Zip Code

Phone Number  Email

### BENEFICIARY TYPE

Primary  Contingent

Share %  Name of Beneficiary

Beneficiary DOB (MM/DD/YY)  SSN or Taxpayer ID  Relationship to IRA Owner

Street Address  City  State  Zip Code

Phone Number  Email

### BENEFICIARY TYPE

Primary  Contingent

Share %  Name of Beneficiary

Beneficiary DOB (MM/DD/YY)  SSN or Taxpayer ID  Relationship to IRA Owner

Street Address  City  State  Zip Code

Phone Number  Email

## SECTION 5 | Spousal Consent

(IRA Owner Initials)

**I am Married.** I understand that if I designate a primary beneficiary other than my spouse, my spouse must consent by signing below.

(IRA Owner Initials)

**I am Not Married.** I understand that if I marry in the future, I must complete a new Designation of Beneficiary form, which includes the spousal consent documentation.

This section should be reviewed if either the trust or the residence of the account owner is located in a community or marital property state and the account owner is married. Due to the important tax consequences of giving up one's community property interest, the individual signing this section should consult with a tax or legal professional. I am the spouse of the above-named account owner. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. Due to the important tax consequences of giving up my interest in this account, I have been advised to see a tax or legal professional. I hereby give the account owner any interest I have in the funds or property deposited in this account and consent to the beneficiary designations(s) indicated above. I assume full responsibility for any adverse consequences that may result. No tax or legal advice was given to me by Preferred Trust Company.

Signature of IRA Owner **Spouse** (if applicable)

Date

## SECTION 6 | Interested Party Designation

Complete the information below only if you wish to authorize an individual to receive information on your account.

I hereby designate the below-mentioned Interested Party Designee subject to all applicable terms and provisions stated in the Custodial Agreement. I authorize this Interested Party Designee to receive statements and other account information from Preferred Trust Company as Custodian via written, telephonic or electronic communications. I agree that Preferred Trust Company as Custodian is under no duty to investigate or inquire about the Interested Party Designee. I understand that this individual is not authorized to execute transactions on my behalf. I understand that I may revise this information at any time by giving written notice to Preferred Trust Company. If an IRA Account Owner would like to grant an Interested Party Agent authorization to execute transactions on their behalf, Preferred Trust Company as Custodian requires a Limited Power of Attorney on file.

Individual/Financial Representative Name

Company/Broker Dealer Affiliation (if applicable)

Mailing Address

City

State

Zip Code

Phone Number

Email

## SECTION 7 | Privacy Policy

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

### Why and How We Collect Personal Information

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

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

### How We Protect Information

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

### Disclosure to Non-Affiliated Third Parties

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

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

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

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

### Accessing and Revisiting Your Personal Information

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

## SECTION 8 | Preferred Trust Company Disclosure Statement

You have the right to revoke your 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 IRA. The amounts returned to you will not be inclusive of any adjustments for commissions, administrative fees, or any change in market value. You may make this revocation only by mailing or delivering a written notice to Preferred Trust Company LLC ("Preferred Trust") at the address listed on the Application or by other electronic means mutually agreed upon and allowed by law.

If you send your notice by first class mail, your revocation will be deemed mailed as of the postmark date. If notice is received by fax or other electronic means, your revocation will be deemed delivered as of the date submitted.

If you have any questions about the procedure for revoking your IRA, please call Preferred Trust at the telephone number listed on the Application.

### REQUIREMENTS OF AN IRA

A. CASH CONTRIBUTIONS - Your contribution must be in cash, unless it is a rollover contribution.

B. MAXIMUM CONTRIBUTION - The total amount you may contribute to an IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation or \$6,000 for year 2022, \$6,000 for year 2021, with possible cost-of-living adjustments thereafter. If you also maintain a Roth IRA, (i.e., an IRA subject to the limits of Internal Revenue Code Section (IRC Sec.) 408A), the maximum contribution to your Traditional IRAs is reduced by any contributions you make to your Roth IRA. Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or your taxable compensation for the year.

C. CONTRIBUTION ELIGIBILITY - For 2020 and later, there is no age limit on making regular contributions to traditional or Roth IRAs. For 2019, if you are 70 ½ or older, you cannot make regular contributions to a traditional IRA. However, you can still contribute to a Roth IRA and make rollover contributions to a Roth or traditional IRA regardless of your age.

D. CATCH-UP CONTRIBUTIONS - If you are age 50 or older by the close of the taxable year, you can make catch-up contributions to your traditional or Roth IRA up to \$1,000 in 2022 and 2021.

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

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

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

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

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

J. REQUIRED MINIMUM DISTRIBUTIONS ("RMD") - Generally, you must begin taking withdrawals from your IRA, SIMPLE IRA, SEP IRA, or retirement plan account when you reach age 70 ½ however, changes were made by the SECURE (Setting Every Community Up for Retirement Enhancement) Act which was effective on December 20, 2019. Due to the changes made by the SECURE Act, if your 70 birthday is July 1, 2019 or later, you are not required to take withdrawals until you reach age 72. Roth IRA's do not require withdrawals until after the death of the owner.

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

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

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

#### **Beginning date for your first required minimum distribution -**

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

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

#### **Date for receiving subsequent required minimum distributions -**

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

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

#### **Required minimum distributions after the account owner dies -**

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

#### **Calculating required minimum distributions for designated beneficiaries -**

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

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

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

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

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.



## INCOME TAX CONSEQUENCES OF ESTABLISHING AN IRA

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

**Definition of Active Participant** - Generally, you will be an active participant if you are covered by one or more of the following employer-maintained retirement plans:

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

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

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

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

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

	<b>Joint Filers</b>	<b>Single Taxpayers</b>
	Phase-Out Range*	Phase-Out Range*
2020	\$104,000 - \$124,000	\$65,000 - \$75,000
2021	\$105,000 - \$125,000	\$66,000 - \$76,000
2022	\$109,000 - \$129,000	\$68,000 - \$78,000

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

If you are not an active participant, but your spouse is, the phase-out range for you is \$204,000-\$214,000 (2022). This limit is also subject to cost-of-living increases for tax years beginning after 2012. If you are not an active participant in an employer-maintained retirement plan, are married to someone who is an active participant, and you file a joint income tax return with MAGI between the applicable phase-out range for the year, your maximum deductible contribution is determined as follows: (1) begin with the appropriate MAGI phase-out maximum for the year and subtract your MAGI from it; (2) divide this total by the difference between the phase-out range maximum and minimum; (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take.

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

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

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

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

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

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

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

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

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

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

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

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

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

$$\frac{\text{(Aggregate Nondeductible Contributions)}}{\text{Aggregate IRA Balance}} \times \text{(Amount Withdrawn)} = \text{Amount Excluded from Income}$$

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

I. EARLY DISTRIBUTION PENALTY TAX - To discourage the use of retirement funds for purposes other than retirement, the law imposes a 10% additional tax on certain early distributions from certain retirement plans. The additional tax is equal to 10% of the portion of the distribution that is includible in income. Generally, early distributions are those you receive from a qualified retirement plan or deferred annuity contract before reaching age 59½. There are certain exceptions to this 10% additional tax. The following seven exceptions apply to distributions from any qualified retirement plan:

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

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

J. ROLLOVERS AND CONVERSIONS - Your IRA may be rolled over to an IRA of yours, may receive rollover contributions, and may be converted to a Roth IRA, provided that all of the applicable rollover and conversion rules are followed. Rollover is a term used to describe a tax-free movement of cash or other property to your IRA from another IRA, or from your employer's qualified retirement plan, 403(a) annuity plan, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan. Conversion is a term used to describe the movement of Traditional IRA assets to a Roth IRA. A conversion is generally a taxable event. The rollover and conversion rules are generally summarized below. These transactions are often complex. Beginning as early as January 1, 2015, you can make only one rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs you own. You can, however, continue to make as many trustee-to-trustee transfers between IRAs as you want. You can also make as many rollovers from Traditional IRAs to Roth IRAs ("conversions") as you want. If you have any questions regarding a rollover or conversion, please see a certified tax specialist.

1. **Traditional IRA to Traditional IRA Rollovers.** Funds distributed from your IRA may be rolled over to an IRA of yours if the requirements of Code section 408(d)(3) are met. A proper IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another IRA to IRA rollover from the distributing IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months. Please note that your rollover, from one IRA to another IRA, must consist of the same property; otherwise the distribution will be taxable as ordinary income. For example, you cannot take cash distributions from your IRA, purchase other assets with the cash and then roll those assets over into a new (or the same) IRA.
2. **SIMPLE IRA to Traditional IRA Rollovers.** Funds may be distributed from your SIMPLE IRA and rolled over to your IRA without IRS penalty provided, two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with Traditional IRA to Traditional IRA rollovers, the requirements of Code section 408(d)(3) must be met. A proper SIMPLE IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. You may not have completed another SIMPLE IRA to IRA or SIMPLE IRA to SIMPLE IRA rollover from the distributing SIMPLE IRA during the 12 months preceding the date you receive the distribution. Further, you may roll over the same dollars or assets only once every 12 months.
3. **Employer-Sponsored Retirement Plan to Traditional IRA Rollovers.** You can rollover into a Traditional IRA all or part of an eligible rollover distribution you receive from your (or your deceased spouse's): Employer's qualified pension, profit-sharing, or stock bonus plan; annuity plan; Tax-sheltered annuity plan (Section 403 (b) plan); or Governmental deferred compensation plan (Section 547 plan). A qualified plan is one that meets the requirements of the Internal Revenue Code. Generally, an eligible rollover distribution is any distribution of all or part of the balance of your credit in a qualified retirement plan except the following:
  - a. A required minimum distribution
  - b. A hardship distribution
  - c. Any of a series of substantially equal periodic distributions paid at least once a year over:
    - (1) Your lifetime or life expectancy
    - (2) The lifetimes or life expectancies of you and your beneficiary, or
    - (3) A period of 10 years or more.
  - d. Corrective distributions of excess contributions or excess deferrals, and any income allocable to the excess, or excess annual additions and any allocable gains.
  - e. A loan treated as a distribution because it does not satisfy certain requirements either when made or later (such as upon default), unless the participant's accrued benefits are reduced to repay the loan.
  - f. Dividends on employer securities
  - g. The cost of life insurance

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

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

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

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

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

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

## LIMITATIONS AND RESTRICTIONS

- A. SEP PLANS - Simplified employee pension (SEP) is a written arrangement that allows your employer to make deductible contributions to a traditional IRA (a SEP IRA) set up for you to receive such contributions. Generally, distributions from SEP IRAs are subject to the withdrawal and tax rules that apply to traditional IRAs. See Publication 560 for more information about SEPs.
- B. SPOUSAL IRA - If you are married and have compensation, you may contribute to an IRA established for the benefit of your spouse for any year prior to the year your spouse turns 70½, regardless of whether or not your spouse has compensation. You may make these spousal contributions even if you are age 70½ or older. You must file a joint income tax return for the year for which the contribution is made. The amount you may contribute to your IRA and your spouse's IRA is the lesser of 100% of your combined compensation or \$6,000 to the IRA in your name and spouse's IRA, bringing the total annual retirement contribution to \$12,000. For those over the age of 50, the numbers are \$7,000 per account, for a total of \$14,000. However, you may not contribute more than the individual contribution limit to each IRA.
- C. DEDUCTION OF ROLLOVERS AND TRANSFERS - You cannot deduct a rollover contribution or a transfer.
- D. GIFT TAX - Transfers of your IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under IRC Sec. 2501.
- E. SPECIAL TAX TREATMENT - Capital gains treatment and 10-year forward income averaging authorized by IRC Sec. 402 do not apply to IRA distributions.
- F. FEDERAL INCOME TAX TREATMENT - Any withdrawal from your IRA is subject to federal income tax withholding. You may elect not to have withholding apply to your withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.
- G. PROHIBITED TRANSACTIONS - If you or your beneficiary engages in a prohibited transaction in connection with your IRA account at any time during the year, the account stops being an IRA as of the first day of that year. The account is treated as distributing all its assets to you at their fair market value. If the total of those values is more than your basis in the IRA, you will have taxable gain that is includable in your income. A prohibited transaction is any improper use of your IRA account or annuity by you, your beneficiary, or any disqualified person. Disqualified persons include your fiduciary and members of your family (spouse, ancestor, lineal descendant, and any spouse of a lineal descendant). Examples of prohibited transactions with an IRA include, borrowing money from it, selling property to it, using it as security for a loan, buying property for personal use (present or future).
- H. PLEDGING - If you use a part of your IRA account as security for a loan, that part is treated as a distribution and is included in your gross income.

## FEDERAL TAX PENALTIES

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

- A. EARLY DISTRIBUTIONS - Early distributions generally are amounts distributed from your Traditional IRA account or annuity before you are age 59½. You must include early distributions of taxable amounts from your Traditional IRA in your gross income. Early distributions are also subject to an additional 10 percent tax. There are several exceptions to the age 59½ rule. If you receive a distribution before you are age 59½, you may not have to pay the 10 percent additional tax if you are in one of the following situations:

- You have unreimbursed medical expenses that are more than 10% (or 7.5% if you or your spouse was born before January 2, 1949) of your adjusted gross income;
- The distributions are not more than the cost of your medical insurance due to a period of unemployment;
- You are totally and permanently disabled;
- You are the beneficiary of a deceased IRA owner;
- You are receiving distributions in the form of an annuity;
- The distributions are not more than your qualified higher education expenses;
- You use the distributions to buy, build, or rebuild a first home;
- The distribution is due to an IRS levy of the qualified plan; or
- The distribution is a qualified reservist distribution.

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

## OTHER

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

## SECTION 9 | Preferred Trust Company Custodial Agreement

IRS Form 5305-A (Rev. April 2017) Traditional Individual Retirement Custodial Account under section 408(a) of the Internal Revenue Code.

You (hereinafter "Depositor") are establishing a traditional individual retirement account under section 408(a) to provide for his or her retirement and for the support of his or her beneficiaries after death.

Preferred Trust Company, LLC (hereinafter "Custodian") has provided the depositor the disclosures statement required by Regulations section 1.408-6.

The Depositor has assigned the custodial account with the sum indicated on the Application.

The Depositor and the Custodian make the following agreement:

### Article I

Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k), or a re-characterized contribution described in section 408A(d)(6), the custodian will accept contributions in the form of cash or check, up to \$5,500 per year for 2013 and 2017. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$6,500 per year for 2013 and 2017. For tax years after 2017, the above limits will be increased to reflect a cost-of-living adjustment, if any.

### Article II

The Depositor's interest in the balance in the custodial account is non-forfeitable.

### Article III

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

#### Article IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the Depositor'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 Depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the Depositor's required beginning date, April 1 following the calendar year in which the Depositor reaches age 70 ½. By that date, the depositor 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 depositor or the joint lives of the depositor and his or her designated beneficiary.
3. If the depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
  - a. If the depositor dies on or after the required beginning date and:
    - i. The designated beneficiary is the depositor'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 depositor'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 depositor 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 depositor as determined in the year of the depositor's death and reduced by 1 for each subsequent year.
  - b. If the Depositor 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 depositor's death. If, however, the designated beneficiary is the depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the depositor would have reached age 70 ½. But, in such case, if the depositor'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 depositor's death.
4. If the depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the depositor'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 depositor'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 depositor reaches age 70 ½, is the depositor'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 depositor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the depositor'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 depositor's (or, if applicable, the depositor 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 depositor's death (or the year the depositor would have reached age 70 ½, 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 depositor reaches age 70 ½ 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 traditional IRAs may satisfy the minimum distribution requirements described above by taking from one traditional IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

#### Article V

1. The depositor agrees to provide the custodian with all information necessary to prepare any reports required by section 408(i) and Regulations sections 1.408-5 and 1.408-6.
2. The custodian agrees to submit to the Internal Revenue Service (IRS) and depositor the reports prescribed by the IRS.

#### 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 section 408(a) and the related regulations will be invalid.

## Article VII

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

## Article VIII

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

1. *Definitions.* In this part of the agreement (Article VIII), the words “you” and “your” mean the Depositor. The words “we,” “us,” and “our” mean the custodian. The word “code” means the Internal Revenue Code, and “regulations” mean the Treasury Regulations.
2. *Notices, Correspondence, and Change of Contact Information.* Any required notice regarding your IRA will be considered effective when we send it to the intended recipient at the Email address which we have on file, provided by you, in your IRA application. 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 contact information including email address and mailing address.
3. *Representations and Responsibilities.*
  - a. **General.** You represent and warrant to us that any information you have provided or will provide us, with respect to this agreement, is complete and accurate. You acknowledge and agree that any representations, warranties, and agreements you have made as a part of or in connection with your application are hereby incorporated herein and made a part of this Account agreement. You agree that any direction you provide us, or action you take will be in compliance with applicable federal and state laws and proper under this agreement. You agree that we are entitled to rely upon such information or directions. If we fail to receive direction from you regarding any transaction, or if we receive ambiguous directions regarding any transaction, or we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification that is 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 direction to us or your actions or failures to act. We will not be responsible for losses of any kind that may result from our exercising our right to take no action until we have received further clarification acceptable to us, and you agree to reimburse and indemnify us for any loss we may incur as a result of such direction, actions or failure to act. We will not be responsible for any penalties, taxes, judgments, and/or expenses you incur in connection with your 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; however, 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. You agree to reimburse and indemnify us for any loss we may incur as a result of such direction, actions, or failures to act by your authorized agent. You will have thirty (30) 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 thirty (30) 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, or other information or the transactions described herein.

By performing services under this agreement, we are acting as your agent. We will not be required to perform any additional services unless specifically agreed to under the terms and conditions of this agreement and as directed by you, or as required under the Code and the Regulations promulgated hereunder with respect to IRAs. We may employ agents and organizations, including but not limited to Preferred Trust Company, LLC, for the purpose of performing administrative or other custodial-related services with respect to your IRA for which we otherwise have responsibility under this agreement. The limitations on our duties to you under this agreement or otherwise shall also apply with respect to each agent or organization so employed. You agree to release and indemnify, hold harmless and defend us from any and all claims, damages, liability, actions, costs, expenses (including, without limitation, attorneys' fees) and responsibility for any loss, resulting to the IRA, to you or to any beneficiary or incurred by or asserted against us, in connection with or by reason of any sale or investment made or other action taken (or omitted to be taken) pursuant to and/or in connection with any investment transaction directed by your or your investment advisor or resulting from serving as the custodian, including, without limitation, claims, damages, liability, actions and losses asserted by you. You agree to reimburse or advance to us, on demand, all legal fees, expenses, costs, fines, penalties and obligations incurred or to be incurred in connection with the defense, contest, prosecution or satisfaction of any claim made, threatened or asserted pertaining to any investment or action you or your investment advisor directed through the custodian, including, without limitation, claims asserted by you, any state or federal regulatory authority self-regulatory organization. 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.

Under no circumstances shall custodian, or its officers, directors, employees, members, agents, licensors, or representatives be subject to or liable for any consequential, incidental, indirect, special exemplary, or similar damages, including without limitation, damages or costs incurred as a result of loss of time, loss of savings, loss of data, loss of revenues, and/or profits, whether foreseeable or unforeseeable, that may arise out of or in connection with this agreement or custodian or administrator complying with your directions, regardless if such damages are based in contract, tort, warranty, negligence, strict liability, products liability or otherwise.

- b. **Prohibited Transactions.** You understand that certain transactions are prohibited in IRAs under IRC Sec. 4975. You further understand that the determination of a prohibited transaction depends on the facts and the circumstances that surround the particular transaction. You understand that should your IRA engage in a prohibited transaction, you will incur a taxable distribution as well as possible penalties. You represent to us that you have consulted or will consult with your own tax or legal professional to ensure that your directions or instructions or IRA investments will not constitute a prohibited transaction and that your IRA investments will comply with all applicable state and federal laws, regulations, and requirement.
- c. **Unrelated Business Income Tax (UBIT).** Since your IRA is a tax-exempt organization under IRC, if your IRA earns income from an investment which utilizes debt-financing, or which is derived from a business regarded as not related to the exempt purpose of your IRA, it may be subject to “Unrelated Business Income Tax” if it is in excess of permitted deductions. In the event that your investment results in taxable income (unrelated or debt-financed) pursuant to IRC Section 511-514 in excess of the \$1,000 exclusion (that amount may be adjusted) for any taxable year, you agree to prepare or have prepared the applicable IRS form, and any other documents that may be required, and to submit them to us, for filing with the Internal Revenue Service. You agree to provide the appropriate payment directive authorizing the Custodian to execute the forms on behalf of your IRA and to pay the applicable unrelated business income tax from your IRA.

- d. **Listed Transactions and Reportable Transactions.** You understand that certain transactions are or may be identified by the Internal Revenue Service as abusive tax shelter schemes or transactions. You further understand that the determination of a listed or reportable transaction may depend upon the facts and circumstances that surround the particular transaction. We will not determine as to whether or not any IRA investment constitutes a listed or reportable transaction. You represent to us that you have consulted or will consult with your own tax or legal professional to ensure that any listed or reportable transactions engaged in by your IRA are identified. You further represent and acknowledge to us that with respect to any listed or reportable transaction, you are considered the entity manager who approved or caused your IRA to be a party to the transaction and that you are responsible for: reporting each such transaction to the Internal Revenue Service, using the applicable IRA form, paying any applicable excise taxes, disclosing to the IRA custodian that such transaction was a prohibited tax shelter transaction; and directing us as to any necessary corrective action to be taken by your IRA.
- e. **Custodian Provides No Investment Advice.** You acknowledge and agree that we are strictly a passive Custodian and as such, do not provide legal or tax services or advice with respect to your IRA investments. You release and indemnify and agree to hold harmless and defend us in the event that any investment or sale of your IRA assets pursuant to an Investment Authorization and Direction form violates any federal or state law or regulation or otherwise results in a disqualification, penalty, fine, or tax imposed upon you, your IRA, or the Custodian.
- f. **Investments and Applicable Securities Laws.** You represent to us that if any investment by your IRA is a security under applicable federal or state securities laws, said investment has been registered or is exempt from registration under federal and state securities laws; and you release and waive all claims against us for our role in processing your instructions with respect to said investment. You acknowledge that the foregoing representation is being relied upon by us in accepting your investment directions and you agree to indemnify us with respect to all costs, expenses (including attorneys' fees), fines, penalties, liabilities, damages, actions, judgments, and claims arising out of such investment and/or breach of the foregoing representation, including, without limitation, claims asserted by you.
- g. **Investment Insurance and Other Expenses.** Custodian will not assume any responsibility to notify you, secure or maintain fire, casualty, liability, or other insurance coverage on any real property held by your IRA or which serves as collateral under any mortgage or other security instrument held by your IRA with respect to any promissory note or other evidence of indebtedness. It is incumbent upon you as the IRA owner to arrange for such insurance as you determine necessary or appropriate to protect your IRA assets and to direct us in writing as to the payment of any premiums. It is your responsibility to determine that payment has been made upon your written request by verifying the payment with your IRA statements. We will not be responsible for notification or payments of any insurance premiums, real estate taxes, utilities, or other charges with respect to any investment held in your IRA, unless you specifically direct us to pay the same in writing and sufficient funds are available to pay from your IRA. It is your responsibility to determine that payment has been made from the custodial account. You must utilize an appropriate payment directive form available from us within a sufficient period of time for such direction to be accomplished in accordance with the Custodian's normal business practices.
- h. **Service Fees.** We have the right to charge an annual fee or other designated fees for maintaining your IRA. We have the right to collect or otherwise receive as an additional fee, any interest or other earnings generated from the pooled trust account and any un-invested cash funds. We have the right to be reimbursed for all expenses, including legal, we incur in connection with the administration of your 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 IRA at our discretion. We reserve the right to charge any additional fees upon thirty (30) days written notice to you that the fee will be effective.
- i. **Invoices.** All invoices are due and payable upon receipt. If such charge cannot be consummated, we will submit an invoice to you for all outstanding fees and expenses plus any applicable invoice costs and late fees. To collect such fees and/or expenses, we may, and you expressly authorize us to bill any credit card we have in our records related to your account.
- Fees are generally based upon the fair market value of the assets held in the IRA; provided that where such assets are non-marketable investments or do not have a readily available market value, the fees shall be based upon cost or the estimated fair market value of such assets, whichever is greater. Publicly traded securities shall be valued at their fair market value. If cost is not reflective of fair market value with respect to the assets held in your IRA, you may provide us with a qualified independent valuation of such assets for purposes of determining an appropriate fee; and we will give consideration to such independent valuation. Our determination shall be binding and conclusive for purposes of IRA fees based upon value.
- j. **Earned Interest.** Depositor hereby specifically acknowledges that cash in the Depositor's IRA, which the Depositor has not yet directed to be invested, will be placed temporarily in an interest-bearing account of Custodian's choosing. Depositor further acknowledges that, until such time as Depositor provides instruction as to how funds are to be invested, Depositor funds not yet invested will earn interest at the market interest rate currently offered by the Custodian. Depositor acknowledges that such rate is not fixed and may be subject to fluctuation. Depositor's cash account will be credited at the end of each month for interest earned during the month at the current rate in effect. Interest earned on invested cash that exceeds the rate currently offered by the Custodian will be retained by Preferred Trust Company, LLC as income. The Custodian shall be entitled to retain this income net of related service fees.

#### 4. *Investment of Funds in the IRA.*

- a. **General.** You have exclusive responsibility for and control over the investment of assets in your IRA. All transactions shall be subject to any and all restrictions and/or limitations, direct or indirect, which are imposed by our Articles of Organization; any and all applicable state and federal laws and regulations; the rules, regulations, customs, and usages of any exchange, market, or clearing house where the transaction is executed; our internal policies, standards and practices; and this agreement. After your death, your beneficiary(ies) will have the right to direct the investment of your IRA assets, subject to the same conditions that applied to you during your lifetime under this agreement (including, without limitation, Section 3 of this article). We will not exercise the voting rights and other shareholder rights with respect to investments in your IRA unless you provide timely written directions acceptable to us according to our then current policies and procedures. You will select the type of investment for your IRA assets, provided that your selection of investments shall be limited to those types of investments that are permitted by federal and state law and approved by the Internal Revenue Service (IRS) and comply with our internal policies, practices, and standards and are deemed administratively feasible by us. We may, or one or more of our affiliates may, in our, or our affiliates, 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, or our affiliates, and that we, or our affiliates, are capable of holding in the ordinary course of business.

- b. **Custodian Acting in a Passive Capacity Only.** We act solely as a passive custodian to hold IRA assets and we have no discretion to direct any investment in your IRA. Accordingly, we are not a fiduciary (as said term is defined in the Internal Revenue Code, ERISA, or any other applicable federal, state, or local laws) with respect to your IRA account. You acknowledge and agree that we are not a fiduciary with respect to your IRA account. It is not our responsibility to review the prudence, merits, viability, or suitability of any investment directed by you or your investment advisors or to determine whether the investment is acceptable under ERISA, the Code, or any other applicable law. We do not offer investment advice, nor do we endorse any investment, investment product, or investment strategy; and we do not endorse any investment advisor, representative, broker, or other party selected by you. We have no responsibility to question or otherwise evaluate any investment directions provided by you or by an investment advisor or representative appointed by you. It is your responsibility to perform proper due diligence with regard to any such representative, investment advisor, broker, or other party. We will follow the directions of any such investment advisor, representative, broker, or other party selected by you provided that you furnish us with written authorization and documentation acceptable to us. We will be entitled to all the same protections and indemnities in our reliance upon and execution of the directives of such investment advisor or other party as if such directives were given by you. We are not under obligation or duty to investigate, analyze, monitor, verify title to, or otherwise evaluate or perform due diligence for any investment directed by you or your investment advisor, representative, or agent. We are not responsible to notify you or take any action should there be any default or other obligation with regard to any investment. Any review performed by us with respect to an investment will be solely for our own purposes of determining compliance with our internal policies, practices and standards, and the administrative feasibility of the investment and neither such review nor its acceptance should be construed in any way as an endorsement of any investment, investment company, or investment strategy. We also have the right not to affect any transaction/investment which we deem to be beyond the scope of our administrative responsibilities, capabilities or expertise or that we determine in our sole discretion does not comply with our internal policies, practices, or standards. We have no duty or obligation to notify you with respect to any information, knowledge, irregularities or our concerns relating to your investment or your investment advisor, broker, agent, promoter or representative, except as to civil pleadings or court orders received by us. We will use reasonable efforts to acquire or sell investments in accordance with your directions within a reasonable period of time after we have received an investment direction and we will make reasonable efforts to notify you if we are unable or unwilling to comply with an investment direction. Subject to the foregoing, we shall remit funds as directed, but have no responsibility to verify or assure that such funds have been invested to purchase or acquire the asset selected by you.
- c. **Investment Documentation.** In directing us with respect to investments, you must utilize our Investment Authorization and Direction form or such other form acceptable to us. We shall be fully protected in acting upon any instrument, certificate, paper, or transmission believed to be genuine and to be signed or presented by the proper person(s) whether or not by facsimile, email, or other form acceptable to the Custodian, and the Custodian shall be under no obligation to make any investigation or inquiry as to any statement contained in any such communication, but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained. You authorize and direct us to execute and deliver, on behalf of your IRA, any and all documents delivered to us in connection with your IRA investments; and we shall have no responsibility to verify or determine that any such documents are complete, accurate, or constitute the documents necessary to comply with your investment direction. You authorize and direct us to correct errors in investment titling without notice to you and to correct other minor clerical errors with email consent from you upon verification of your identity.
- d. **Un-Invested Cash Funds.** From time to time you may deposit funds with us, have available free credit balances or otherwise direct us to hold funds for you not subject to a current Direction of Investment, or otherwise awaiting your direction for investment or deposit. You acknowledge and agree that un-invested cash funds from your account may be pooled with un-invested cash funds from other accounts.

You direct us to sweep or deposit all un-invested cash funds automatically into an FDIC insured bank account (which may be pooled with un-invested cash funds from other accounts) until such time as further direction is received from you or your designated representative(s). You authorize us to transfer any un-invested cash funds to a different FDIC insured bank account without any further approval from you. FDIC insured bank accounts used to hold un-invested cash funds may include, without limitation, certificates of deposit, money market accounts or similar FDIC or government insured accounts at state or national banks or credit unions. Any FDIC insurance, which may be applicable to your account, will be subject to all applicable laws and regulations, including those laws and regulations related to FDIC insurance limitations. We will be entitled to retain and have paid to us as a fee, any interest or other income earned or otherwise generated from the un-invested cash funds deposited in such accounts. You acknowledge and agree that this fee may be retained by us as additional compensation for the services provided by Custodian under this agreement. In the event un-invested cash funds are deposited in an account that is subject to any breakage fee, early withdrawal fee or similar fee or penalty, we will be responsible for and pay any such account fee without deduction to or offset from the amount of any un-invested cash funds. You understand and agree that we may pay such account fee either from our general operating funds or by drawing on a line of credit or other credit facility from the relevant account institution. You further understand and agree that such a credit facility may be subject to general or specific collateral pledge from us to the bank that may include a pledge of any of our deposit accounts at such institution.

5. *Beneficiary(ies).*

You may designate one or more persons or entities as beneficiary of your 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. Unless otherwise specified, each beneficiary designation you file with us will cancel all previous ones. The consent of a beneficiary(ies) shall not be required for you to revoke a beneficiary designation. If you have designated both primary and contingent beneficiaries and no primary beneficiary(ies) survives you, the contingent beneficiary(ies) shall acquire the designated share of your IRA. If you do not designate a beneficiary, or if all your primary and contingent beneficiary(ies) predecease you, your estate will be the beneficiary. A spouse beneficiary shall have all rights as granted under the Code or applicable Regulations to treat your IRA as his or her own. We may allow, if permitted by state law, an original IRA beneficiary(ies) (the beneficiary(ies) who is entitled to receive distributions from an inherited IRA at the time of your death) to name a successor beneficiary(ies) for the inherited IRA.

6. *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 ten (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 provide us a proper withdrawal request;
- Distribute your entire IRA to you in a single sum payment; or
- Determine your required minimum distribution from your IRA with us 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 or to your receipt of an amount in excess of the required minimum distribution



7. *Termination of agreement, Resignation, or Removal of Custodian.*

Either party may terminate this agreement at any time by providing written notice to the other. We can resign as Custodian at any time effective thirty (30) days after we send written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your IRA to another financial institution or complete an account closure request. If you do not complete a transfer or closure of your IRA within thirty (30) days from the date we send the notice to you, we have the right to pay or distribute your IRA assets to you in a single sum or assignment. We will not be liable for any actions or failures to act on the part of any successor custodian or trustee, 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 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 IRA;
- Any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your IRA after you IRA account with us is closed. If there are additional assets remaining in or subsequently credited to your IRA account, we will endeavor to distribute or transfer such assets in accordance with your prior direction, but after offsetting any applicable administrative expenses and custodial fees (per our then current fee schedule). If we are 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, after notifying you, require you to substitute another custodian or trustee.
- We may establish a policy requiring distribution of the entire balance of your IRA to you in cash or property if the balance of your IRA drops below the minimum balance required under the applicable investment or policy established.

8. *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 which includes your IRA) is bought by another organization, that organization (or agency) shall automatically become the Custodian or trustee of your IRA, but only if it is the type of organization authorized to serve as an IRA custodian or trustee.

9. *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 thirty (30) days from the date we send the amendment, you notify us in writing that you do not consent.

10. *Withdrawals or Transfers.*

All requests for withdrawal or transfer shall be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals/Distributions will be subject to all applicable tax and other laws and regulations, including possible early withdrawal penalties or surrender charges and withholding requirements.

11. *Transfers from other Plans.*

We can receive amounts transferred to this IRA from the custodian or trustee of another IRA. In addition, we can accept direct rollovers of eligible rollover distributions from employer-sponsored retirement plans as permitted by Internal Revenue Code. We reserve the right not to accept any transfer or direct rollovers.

12. *Liquidation of Assets.*

- a. We have the right to liquidate assets in your IRA if necessary to make distributions or to pay fees, expenses, indemnities, taxes, federal tax levies, penalties, or surrender charges properly chargeable against your 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 not to hold us liable for any adverse consequences that result from our decision.
- b. In the event you fail to pay any fees, costs, indemnities, penalties, expenses or payments due to Custodian required by this Agreement or otherwise, and such amounts remain unpaid 10 days after notice from Custodian, immediately upon the expiration of such 10 day cure period you shall be deemed to, as collateral security for the prompt and complete payment of such unpaid fees or other amounts, pledge, assign and grant to Custodian to the maximum extent permitted by law and the Regulations, a lien on and security interest in all of your rights, title and interests in such portion of the custodial account, the Un-Invested Cash Funds and any other deposit, monies, accounts and other assets in such accounts or otherwise deposited with Custodian at such time in an amount equal to the amounts necessary to pay in full such amounts then due to Custodian. Upon the grant of such security interest as described in this Section 9.12(b), you hereby authorize Custodian to file all financing statements and other documents and take such other actions as may from time to time be necessary or desirable in the Custodian's sole discretion to perfect and to maintain the perfection and priority of such security interest. You understand and agree that pursuant to Section 408(e) of the Code, the portion of any IRA funds pledged as collateral may be treated as distributed to that individual and subject to taxes, interest and penalties which you will be responsible for and agree to indemnify and hold Custodian harmless therefrom

13. *Restrictions.*

Neither you nor any beneficiary may sell, transfer, or pledge any interest in your IRA in any manner whatsoever, except as provided by law or this agreement. The assets in your IRA shall not be responsible for the debts, contracts, or torts of any person entitled to distributions under this agreement.

14. *Applying Laws.*

This Agreement is subject to all applicable federal laws and regulations and shall be governed by and construed under the applicable laws of the State of Nevada. If any part of this Agreement is held to be illegal or invalid, the remaining parts shall 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 shall be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision. Any suit filed against Custodian arising out of or in connection with this Agreement shall only be instituted in the county courts of Clark County, Nevada where Custodian maintains its principal office and you agree to submit to such jurisdiction both in connection with any such suit you may file and in connection with any suit which we may file against you.

15. *Asset Valuation Policy.*

In valuing the assets of the custodial account for record-keeping and reporting purposes, we will use reasonable, good faith efforts to ascertain the fair market value of each asset through utilization of various outside sources available to us and consideration of various relevant factors generally recognized as appropriate to the application of customary valuation techniques. However, where assets are illiquid or their value is not readily ascertainable on either an established exchange or generally recognized market, the valuation is by necessity, not a true market value and is merely an estimate of value in a broad range of values, and its accuracy should not be relied upon by you for any other purposes. The precision with which a value is assigned is a factor of the nature of the asset and the cost effectiveness of pursuing a more comprehensive appraisal. In certain cases where fair market value is not readily ascertainable and we do not have a recent qualified, independent appraisal, we may follow an internal protocol for assigning value based on the cost of the asset or we may rely upon a current independent appraisal obtained by you. We neither provide a guarantee of value nor the appropriateness of the appraisal techniques applied in developing an estimate of value and we assume no responsibility for the accuracy of the valuations presented with respect to assets whose value is not readily ascertainable on either an established exchange or a generally recognized market.

16. *Affiliated Business Disclosure.*

This is to give you notice that Preferred Trust Company, LLC has an affiliated business relationship with Ignite Funding, LLC and I Management Group, LLC. The controlling principals of Preferred Trust Company maintain an ownership interest in Ignite Funding and I Management Group. Ignite Funding provides mortgage broker services and investment opportunities. I Management Group provides real estate management and operational oversight services. I understand that as an IRA account owner at Preferred Trust Company, I may be introduced to products and services, including those offered by our affiliates. Due to the affiliation with Preferred Trust Company, Ignite Funding and I Management Group may receive a financial or other benefit.

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

**Purpose of Form.** Form 5305-A is a model custodial account agreement that meets the requirements of section 408(a). However, only Articles I through VII have been reviewed by the IRS. A traditional individual retirement account (traditional IRA) is established after the form is fully executed by both the individual (depositor) and the custodian. To make a regular contribution to a traditional IRA for a year, the IRA must be established no later than the due date of the individual's income tax return for the tax year (excluding extensions). The account must be created in the United States for the exclusive benefit of the depositor and his or her beneficiaries.

**Do not** file Form 5305-A with the IRS. Keep in with your records.

For more information on IRAs, including the required disclosures the custodian must give the depositor, see Pub. 590-A, Contributions to Individual Retirement Arrangements (IRAs), and Pub. 590-B, Distributions from Individual Retirement Arrangements (IRAs).

#### **Definitions**

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

**Depositor.** The depositor is the person who establishes the custodial account.

#### **Traditional IRA for Nonworking Spouse.**

Form 5305-A may be used to establish the IRA custodial account for a nonworking spouse. Contributions to an IRA custodial account for a nonworking spouse must be made to a separate IRA custodial account established by the nonworking spouse.

#### **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 depositor reaches age 70 ½ 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 depositor 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 depositor, etc.

## SECTION 10 | Preferred Trust Company Fee Schedule

### IRA Account Establishment Fee

**\$50**

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

### IRA ACCOUNT ADMINISTRATION FEE

#### Annual IRA Account Administration Fee

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

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

### CONTRIBUTION ONLY ACCOUNTS | Exclusive Account Fees\*

#### Contribution Only IRA Account Administration Fee

**\$100**

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

### OTHER SERVICE RELATED ACCOUNT FEES

#### Expedited Processing Fee

**\$200**

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

Proof of Funds Letter	<b>FREE</b>
Notary Service	<b>FREE</b>
Contributions	<b>FREE</b>
Distribution (ACH only)	<b>FREE</b>
Demand for Payoff	<b>FREE</b>

Partial Transfer Out Fee	<b>\$100</b>
Full Transfer Out or Account Termination Fee	<b>\$300</b>
Incoming / Outgoing Wire Fee	<b>\$30</b>
Overnight Delivery Fee	<b>\$40</b>
Stop Payment / Return Check Fee	<b>\$30</b>
Cashier's Check Fee	<b>\$50</b>
IRA Account Conversion Fee	<b>\$50</b>
Corrected Form 1099-R or Form 5498	<b>\$30</b>
ACH/Wire Rejection Fee	<b>\$30</b>
IRA Service/Research Fee	<b>\$100 per hour</b>

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

### REAL ESTATE INVESTMENTS\*

#### Real Estate Asset Transaction Fee

**\$300**

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

#### Real Estate Asset Administration Fee

**\$300**

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

### TRUST DEED INVESTMENTS

#### Trust Deed Investment Transaction Fee

**\$20**

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

### DIGITAL CURRENCY INVESTMENTS

#### Digital Currency Account Set-up Fee

**\$500**

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

#### Digital Currency Transaction Fee

**\$200**

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

#### Digital Currency Annual Depository Fee

**\$300**

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

### PRECIOUS METAL INVESTMENTS | Exclusive Account Fees\*\*

#### Precious Metal IRA Account Administration Fee (Annual Fee)

**\$100**

#### Precious Metal Transaction Fee

**\$50**

#### Shipping / Storage Fee

**Varies\*\*\***

### IRS ALLOWED ALTERNATIVE INVESTMENTS

#### Alternative Investment Transaction Fee

**\$200**

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

## SECTION 11 | Acknowledgement Signature

### Important Information About Procedures for Opening a New Account

To help the government fight the funding of terrorism and money laundering activities, Federal law (Section 326 of the USA PATRIOT Act of 2001) requires all financial institutions to obtain, verify and record information that identifies each individual or institution who opens an account with Preferred Trust Company. When you open an account, we are required to obtain your name, address, date of birth, social security number or tax identification number and other information that will allow us to identify you. As appropriate, we may also ask to see your driver's license or other identifying documents. This information will be verified to ensure the identity of all persons opening an account. The information may be compared to information obtained through third party sources, as permitted by law. If we cannot verify this information, your account may not be opened, or it may be restricted and/or closed. Preferred Trust Company is not responsible for any losses or damages including, but not limited to, lost opportunities you may incur.

### Application and signatures are valid for 120 days from the date of original signature.

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

### Electronic Signature

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

Signature of IRA Account Owner

Date

Signature of Custodian

Date



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

# Credit Card Authorization Form

Traditional | Roth | SEP | SIMPLE

PTC IRA Account Number

**WE ONLY ACCEPT VISA AND MASTERCARD.**

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

## SECTION 1 | IRA Account Owner Information

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

Daytime Phone Number  Email Address

## SECTION 2 | Credit Card Information and Authorization Amount

**WE ONLY ACCEPT VISA AND MASTERCARD.**

Name of Cardholder

Billing Address  City  State  Zip Code

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

## SECTION 3 | Acknowledgement Signature

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

Signature of Credit Cardholder  Date

**INTERNAL USE ONLY**

**Verified**  
(Initials and Date)



This page has intentionally been left blank.

The execute **Application** above can be sent to Preferred Trust Company as a scanned copy. The **Transfer or Conversion Form** below must be sent to Preferred Trust Company as an original.



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

# Transfer or Conversion Form

Traditional | Roth | SEP | SIMPLE

PTC IRA Account Number

**TRANSFER DELIVERY FEE** (if applicable): Preferred Trust Company will apply a \$40.00 delivery fee, if the outgoing custodian requires the original documents to be sent.

## SECTION 1 | IRA Account Owner Information

First Name  Initial  Last Name

SSN  DOB (MM/DD/YY)  Email

Phone Number  Cell Phone Number

Street Address  City  State  Zip Code

## SECTION 2 | Account Type

Traditional IRA  Roth IRA  SEP IRA  SIMPLE IRA  Inherited IRA

## SECTION 3 | Transfer From Information

Preferred Trust Company requires a photocopy of a **current statement** from the Custodian the funds are being transferred from.

Custodian Name  Client Account Number

Street Address

City  State  Zip Code

Phone Number

## SECTION 4 | Type of Transaction (See Additional Information included with this form.)

A. **Transfer:** (check one) **[SIMPLE IRA cannot be transferred to a Traditional IRA or converted to a Roth IRA for 2 years following the date of the initial SIMPLE contribution.]**

Traditional IRA to a Traditional IRA   
  Traditional IRA to a SEP IRA   
  Roth IRA to a Roth IRA   
  SEP IRA to a SEP IRA   
  SEP IRA to a Traditional IRA  
 SIMPLE IRA to a SEP IRA   
 SIMPLE IRA to a Traditional IRA   
 SIMPLE IRA to a SIMPLE IRA   
 Other

B. **Conversion:** (check one) **[Required Minimum Distributions (RMD) cannot be converted to a Roth IRA.]**

SIMPLE IRA to a Roth IRA   
 Traditional IRA to a Roth IRA   
 SEP IRA to a Roth IRA

If applicable, the required minimum distribution  has or  has not been satisfied for this distribution year prior to this transfer. If not, the transferee custodian/trustee may require additional documentation.

## SECTION 5 | Transfer or Conversion Instructions

**THIS SECTION MUST BE COMPLETED ACCURATELY OR THE TRANSFERRING CUSTODIAN WILL NOT PROCESS THE TRANSFER.** It is highly recommended that you login to the client portal where the cash and/or investments are being transferred from to confirm the information below is accurate as of the date this form is completed.

- Transfer the entire cash balance in the account **only**.
- Transfer a portion of cash balance **only** totaling:
- Immediately liquidate **all** investments and send cash proceeds.
- Transfer the entire cash balance in the account and in-kind investments as indicated below.
  - Send all investments in-kind.
  - Send only the identified investment(s) below in-kind.

**NOTE:** I acknowledge the account is in a cash position and no liquidation of investments are required.

**NOTE:** I acknowledge that the portion of cash requested is in a cash position and no liquidation of investments are required.

**NOTE:** Penalties and market fluctuation may affect the distribution amount of investments held by your IRA.

**NOTE:** If this option is selected there must be a cash balance in the account you are transferring from and the information below must be completed.

**IN-KIND DEFINITION:** This is the transfer of an alternative asset(s) other than cash or marketable securities to another custodian of record.

Investment Name 1

Investment Name 2

Investment Name 3

Investment Name 4

Investment Name 5

### DELIVERY INSTRUCTIONS

Select from the following options:

- CHECK** (Fees may apply with **outgoing** custodian to complete the transfer or conversion.)

### CHECK INSTRUCTIONS

Make checks or certificate registration payable to:

**Preferred Trust Company, LLC FBO** (Client Name), (IRA Type)

Checks and certificate registrations should be mailed to:

**Preferred Trust Company**  
6700 Via Austi Parkway, Suite 301  
Las Vegas, NV 89119

- WIRE** (Fees may apply with **outgoing** custodian to complete the transfer or conversion. If the option of wire is selected, Preferred Trust Company will charge an incoming wire fee of \$30.00 to your IRA account.)

### WIRE INSTRUCTIONS

**ABA (Routing) Number:** 026009593

**Bank:** Bank of America  
222 Broadway  
New York, NY 10038

**Account Number:** 501014778432  
**Account Name:** Preferred Trust Company, LLC  
6700 Via Austi Parkway, Suite 301  
Las Vegas, NV 89119

**Message/Reference:** FBO: (Client Name) and/or (Account Number)



## SECTION 6 | Withholding Election (For conversions only. See IRS Form W-8BEN if you are a foreign person.)

Instructions for Form W-4P (Withholding Certificate) are included in the Additional Information section of this form.

I elect **not** to have Federal income tax withheld from my IRA distribution.

I elect to have 10% Federal income tax withheld from my IRA distribution.

I want the following **additional** dollar amount \$  or additional percentage  % withheld from each IRA distribution.

I elect to have \$  or  % state income tax withheld from my IRA distribution (if applicable).

## SECTION 7 | Acknowledgement Signatures

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

Signature of IRA Account Owner

Date

**BROKERAGE:** In the case of a transfer from a brokerage account, the transferring firm may require signature authorization including but not limited to, signature guarantee, medallion guarantee or some other form of necessary stamp. These guarantees help protect against fraud. Most banks and brokerage firms can provide one. Please contact the transferring firm for clarification.

For Bank Use: Medallion Signature Guarantee Stamp (For Securities or Non-FDIC Instructions Only)

Signature of Custodian

Date

For Bank Use: Medallion Signature Guarantee Stamp (For Securities or Non-FDIC Instructions Only)

## ADDITIONAL INFORMATION

**Purpose.** The Request for Transfer or Conversion to an IRA for Traditional, Roth, SEP or SIMPLE IRAs form is designed to assist you in transferring or converting assets from one individual retirement arrangement (IRA) to another IRA. This form does not allow for cost and penalty-free SIMPLE IRA transfers from a designated financial institution (DFI). Your DFI will require additional documentation, such as an election form.

**Additional Documents.** A transfer can avoid income and penalty taxes. A conversion by transfer is a taxable event that avoids penalty taxes. For your transfer or conversion to be successful, additional contribution and distribution documentation may be required by your IRA's custodian.

**For Additional Guidance.** It is in your best interest to seek the guidance of your tax or legal professional before completing this document. For more information refer to Internal Revenue Service (IRS) Publication 590-Individual Retirement Arrangements, IRS Publication 505-Tax Withholding and Estimated Tax, instructions to your federal income tax return, your local IRS office, or the IRS's website at [www.irs.gov](http://www.irs.gov).

**Terms.** A general understanding of the following terms may be helpful in completing your transactions.

**Conversion.** A conversion is a reportable movement of assets from a traditional IRA or SIMPLE IRA to a Roth IRA.

**In Kind.** If an IRA contains stocks, bonds, mutual fund shares, or other types of property, it may be possible to move such property to an IRA without liquidation. This type of "in-kind" transfer or conversion would require that the property be re-registered in the name of the transferee custodian for the benefit of your IRA. The transferee's policies, charters, or applicable law may prevent the transfer of property. Time deposits and savings accounts are not transferable.

**Required Minimum Distribution (RMD).** IRA owners who are age 70½ or older must satisfy an annual RMD. The penalty for failing to take the annual RMD for any distribution year is a 50% excise tax on the amount not distributed. RMDs cannot be converted to a Roth IRA. Although the rules permit you to transfer your RMD, it must still be satisfied by the required distribution date.

**Two-Year Rule.** SIMPLE IRA funds cannot be transferred to a traditional IRA or converted to a Roth IRA within a two-year period that begins on the date of the initial contribution to your SIMPLE IRA. SIMPLE IRA funds transferred or converted during the two-year period are subject to an additional 25% excise tax. You may, however, roll over to transfer a SIMPLE IRA to a SIMPLE IRA within the two-year period.

**Conduit IRA.** Retirement funds originally rolled over from certain employer-sponsored eligible retirement plans may have been maintained in a separate "conduit IRA" not commingled with any other types of IRA contributions. Check with your tax or legal professional to determine if you need to continue to maintain these funds in a separate conduit IRA when they are transferred to a different custodian.

**Withholding of Federal Income Tax.** Generally, federal income tax withholding applies to your IRA distributions. The methods and rate on withholding depends on (a) the type of distribution you receive, (b) whether the distribution is delivered outside the United States to its possessions, and (c) whether you (or your beneficiary after your death) are a nonresident alien individual, a nonresident alien beneficiary, or a foreign estate. Qualified distributions from a Roth IRA are nontaxable and, therefore, not subject to withholding. Because your tax situation may change from year to year, you may want to change your withholding election each year. You can change the amount to be withheld by using IRS Form W-4P or an appropriate substitute form.

**Non-periodic Payments - 10% Withholding.** Distributions from an IRA that are payable on demand are treated as non-periodic payments. Your IRA custodian must withhold at a flat 10% rate from your IRA distributions unless you choose not to have federal income tax withheld. You can choose not to have income tax withheld from a non-periodic payment by using IRS Form W-4P or an appropriate substitute form and providing your correct tax identification number (TIN). Generally, your choice to have income tax withheld or not will apply to any later distribution from your IRA. You may also specify an additional amount that you want withheld.

*Caution.* If you do provide your correct TIN, your IRA custodian cannot honor your request not to have income tax withheld and must withhold 10% of the payment for federal income tax.

**Choosing Not to Have Income Tax Withheld.** You (or in the event of death, your beneficiary or estate) can choose not to have income tax withheld from your payments by using Form W-4P or an appropriate substitute form. For an estate, the election to have no income tax withheld may be made by the executor or personal representative of the decedent. The executor/representative must provide the estate's TIN/employer identification number (EIN).

*Caution.* There are penalties for not paying enough federal income tax during the year, either through withholding or estimated tax payments. New retirees, especially, should see IRS Publication 505, Tax Withholding and Estimated Tax. It explains the estimated tax requirements and describes penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your IRA using Form W-4P or an appropriate substitute form.

**Changing Your "No Withholding" Choice.** If you previously chose not to have income tax withheld and you now want 10% withholding, write "Revoked" next to the check box on line 1 of IRS Form W-4P and provide a copy to your IRA custodian. To the extent you want a greater amount withheld, complete a new Form W-4P or an appropriate substitute form for your IRA custodian.

**Payments to Foreign Persons and Payments Outside the United States.** Unless you are a nonresident alien, withholding (in the manner described above) is required on non periodic payments that are delivered to you outside the United States or its possessions. You cannot choose not to have income tax withheld Form W-4P. See IRS Publication 505, Tax Withholding and Estimated Tax for additional details.

In the absence of a tax treaty exemption, nonresident aliens, nonresident alien beneficiaries, and foreign estates generally are subject to a 30% withholding tax under IRC Section 1441 on the taxable portion of a non-periodic pension or annuity payment that is from U.S. sources. However, most tax treaties provide that private pensions and annuities are exempt from withholding even if no tax treaty applies. See IRS Publication 515 Withholding of Tax of Nonresident Aliens and Foreign Entities, and IRS Publication 519, U.S. Tax Guide for Aliens, for details. A foreign person should submit IRS Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, to the IRA custodian before receiving any payments. The Form W-8BEN must contain the foreign person's TIN.

If you are a foreign person who has provided an IRA custodian with IRS W-8BEN, the IRA custodian will furnish a statement to you on IRS Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, by March 15 of the next year.

**State Withholding.** Your state may allow or require state income tax withholding on any taxable distribution.

**Local Withholding.** Your local governing authority may allow or require local income tax withholding on any taxable distribution.