

ESTABLISHING A SELF DIRECTED IRA

NEW ACCOUNT INSTRUCTIONS

SUBMIT TO

EMAIL

newaccounts@iraclub.org

MAIL

67 E. Madison St.
Suite 1510
Chicago, IL 60603

FAX

312-283-2615

TYPICAL TRANSFER SPEED

FIDELITY	●●●●●
CHARLES SCHWAB	●●●●●
MORGAN STANLEY	●●●●●
AMERIPRISE	●●●●●
TD AMERITRADE	●●●●●

QUESTIONS?

Monday - Friday
9:00AM - 5:00PM CST

T 312-795-0988

E newaccounts@iraclub.org

www.iraclub.org

You may have many questions about saving and preparing for your future retirement. Good news - you don't have to have it all figured out right now. Getting started is the first step and IRA Club will guide you with this every step along the way.

SEND

- Completed Application
- Copy of Driver's License, ID, or Passport
- IRA Transfer Request Form (if applicable)
- Copy of IRA/401(k) Account Statement

REQUIRED INFORMATION

- Full Name
- Social Security Number
- Date of Birth
- Address
- Email Address
- Credit Card Information
- Optional: Beneficiary Information

WAYS TO FUND THE IRA

- IRA to IRA Transfer
- Rollover from a 401(k), 403b, 457a, TSP or Pension
- Annual Contribution

RESOURCES

- Resource Center on our website
- Video Library
- Guides
- Free Prohibited Transaction Analysis
- Automatic Contribution Setup



OPEN



FUND



INVEST

PLEASE NOTE: To help the Government fight the funding of terrorism and money laundering activities, Federal law requires financial institutions to obtain, verify and record information that identifies each client who opens an account. IRA Club will request your name, address, date of birth, social security number and other information to assist us in identifying you. Please submit a copy of your driver's license, passport, or state ID with this application.

1. ACCOUNT OWNER INFORMATION

SALUTATION, FULL NAME (EX: MR. DAVID A. SMITH, MS. JENNIFER L. JONES, MX. HARPER A. DOE)	
SOCIAL SECURITY NUMBER	DATE OF BIRTH
ADDRESS, CITY, STATE, ZIP	
PHONE NUMBER	EMAIL ADDRESS ¹

2. FUNDING YOUR ACCOUNTⁱⁱ

IRA TO IRA TRANSFER FROM (FIRM NAME)	TRANSFER IS APPROXIMATELY (\$)
ROLLOVER FROM A FORMER EMPLOYER PLAN (FIRM NAME)	ROLLOVER IS APPROXIMATELY (\$)
ACCOUNT WILL BE FUNDED WITH A CONTRIBUTION TAX YEAR _____ \$ _____	via CREDIT CARD via CHECK

3. ACCOUNT FEE PAYMENT TERMS: The IRA account establishment fee is to be charged on a credit card.ⁱⁱⁱ

CREDIT/DEBIT CARD NUMBER	EXPIRATION DATE & SECURITY CODE (CVV)
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4. PRIMARY BENEFICIARY DESIGNATION^{iv}: If more space is needed, you may complete a separate designation form.

FULL NAME	
SOCIAL SECURITY NUMBER	DATE OF BIRTH
RELATIONSHIP TO ACCOUNT OWNER	SHARE PERCENTAGE
FULL NAME	
SOCIAL SECURITY NUMBER	DATE OF BIRTH
RELATIONSHIP TO ACCOUNT OWNER	SHARE PERCENTAGE

5. EMAIL COMMUNICATION & ONLINE ACCESS TO SECURE IRA CLUB PORTAL^v

By signing this application, I acknowledge, on behalf of myself and all users authorized by me that: I agree to accept electronic statements and notices via email and online to my IRA Club portal. I will be provided a unique Contact ID to set up a User ID, Password and Security Questions. The online access registration will be delivered to the email address above within 5 business days after the account is established. The password I choose will be kept confidential. If my User ID or Password is lost or stolen, I will attempt to reset it or call IRA Club to obtain assistance. I agree to hold IRA Club harmless from all losses, liability, demands, judgments, claims and expenses from my use of my email address listed above, the IRA Club website and the IRA Club Portal IRA Club provides. I provide the indemnification without regard as to whether your claim is against me or my authorized representative.

INITIAL HERE

6. ACKNOWLEDGEMENT AND SIGNATURE

This application consists of three parts provided for review. By signing this application, I hereby establish an IRA under the provided Custodial Agreement (Form 5305) and Account Disclosure Statement. I designate IRA Club as my IRA Administrator. I agree to the terms set forth in the application and have read and examined the IRA Custodial Account Agreement (5305), Account Disclosure, and IRA Club Fee Schedule (www.iraclub.org). I have retained a copy of my account documents, including a copy of this completed application.

APPLICANT SIGNATURE	DATE SIGNED
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HOW TO RETURN THIS APPLICATION:

- ✓ Complete, Sign and Date the full application.
- ✓ Email, Fax or Mail the application along with a copy of a Driver's License, ID, or Passport.

QUESTIONS? We are available via phone Monday-Friday between 9:00AM-5:00PM CST. Call 312-795-0988.

HOW DID YOU HEAR ABOUT US? _____

ⁱ Your email address will be used to communicate information as it relates to this new account.
ⁱⁱ A minimum cash balance of \$500 must be deposited to keep the account active.
ⁱⁱⁱ Future fees incurred will be deducted from your IRA account cash. IRA Club requires all account owners to maintain a valid credit or debit card on file.
^{iv} You may select anyone as an IRA beneficiary. If your legal residence is in a community property state, the state's law may give a spouse rights to some or all the IRA or require spousal consent to name a non-spouse as an IRA Beneficiary. [IRS Publication 555](#) Community Property (AZ, CA, ID, LA, NV, NM, TX, WA, WI).
^v Our purpose in providing the IRA Club Portal is to provide you, our account holder, with information that is convenient for you to use. We provide this information for your use in a secure environment using several security methods.

Thank you for selecting IRA Club. Please read all pages of this statement. The Account Disclosure Statement and Agreement summarizes the requirements pursuant to the Internal Revenue Service regulations which require that the information provided in this agreement be provided to the person(s) for whom the IRA account is established. You must sign this agreement so IRA Club may complete the new account process for your Self Directed IRA account. If you have questions, please contact our office at (312) 795-0988. By executing the IRA Club Account Application package, you acknowledge receipt of IRS Form 5305 and receipt of this Disclosure Statement and Agreement.

SETTING UP A SELF DIRECTED IRA

Establishing the account requires many steps. You should allow approximately 30 days to complete the process. Investing on behalf of the IRA cannot begin until setup is complete.

IRA Club cannot be held responsible for the time required for a former custodian to release qualified funds. IRA Club will solely provide information about IRAs. Legal guidance can only be obtained from a qualified attorney. The IRA Club has no attorney/client relationship with its clients. The information you provide to IRA Club is accurate to the best of your knowledge and it is up to the IRA account owner to update information as it may change.

IRA Club, LLC ("IRA Club") acts as Administrator of the Custodial Account and appoints MeridianBank to act as the Custodian.

It is important that all activities within your IRA adhere to the regulations relating to IRAs and specifically to the rules regarding Prohibited Transactions. The IRA Club and its corresponding custodian will not accept IRA accounts which are operating companies that generate unrelated taxable income to the IRA.

FUNDING THE IRA WITH A CONTRIBUTION

An annual contribution can be made to an IRA up to the annual limit. The annual contribution limit for 2020 is \$6,000.00. If you are age 50 or older, you may make a catch-up contribution to the IRA for that year. The catch-up contribution is an additional \$1,000.00 per year for a total catch-up contribution of \$7,000.00. Contributions to the IRA must be made before the due date for your federal income tax return for that year (by April 15 for most). If you contribute more than your allowable amount, you may remove the excess amount or apply the excess to contributions for a later year. If you apply the amount of the excess contribution to a later year, you will be required to pay a 6% penalty tax on the amount of the excess contribution for the year in which the excess contribution was made.

ONGOING OPERATIONS OF A SELF DIRECTED IRA

I understand and agree that I am responsible for the investment decisions made for my IRA account.

I understand and agree that transactions in an IRA must adhere with IRS and DOL regulations as they relate to Individual Retirement Arrangements as described in the IRS Code: IRC 4975 and may be amended from time to time.

I understand and agree to provide an annual valuation of the IRA assets to IRA Club, on the IRA VALUATION request form. It is typically sent to account owners in December each year.

IRA Club may require a valuation at the time of any taxable distribution, such as a Roth conversion, investor distribution or required minimum distribution and that such a valuation must be certified by a licensed professional (CPA, Licensed Appraiser, etc.).

I will keep my IRA funds and personal funds separate. I will be sure all IRA investments and expenses are paid only from the IRA account. I will be sure all IRA income and earnings are paid to the IRA account. The IRA may not buy assets from me or members of my family or sell an asset to myself or a member of my family.

IRA Club may determine that the information I provide is not enough to complete its obligations to the Internal Revenue Service. After notifying me of such deficiencies and allowing me to correct them, IRA Club, at its sole discretion, may determine the sufficiency of the information to comply with the Internal Revenue Service regulations and if insufficient, elect to distribute the assets to me.

I understand that IRA Club is not a Fiduciary as that term may relate to investments my IRA may make and IRA Club does not select investments or perform Broker/Dealer functions for my account.

I acknowledge that any future changes in Internal Revenue Service regulations or other laws and regulations may require further action by me to allow the IRA Club to continue to maintain the IRA account.

I agree to hold harmless, protect and indemnify the Custodian and IRA Club from and against all liabilities, losses, damages, expenses and charges, including but not limited to attorney's fees, penalties and expenses of litigation, which the Custodian and IRA Club may sustain or might sustain resulting directly or indirectly from my IRA investment(s).

RELATIONSHIP WITH IRA CLUB

IRA Club nor any of its employees; (1) will not select or manage the investments in my IRA. (2) will not perform any due diligence on the investments I direct for my IRA. All investment decisions will be made by me and not by IRA Club nor the Custodian of my IRA account. IRA Club does not offer or sell investment products and is not responsible for any losses that my IRA account may experience due to investment decisions I have made.

ANTI-MONEY LAUNDERING STATEMENT

IRA Club has procedures in place to comply with the Anti-Money Laundering program as described by the USA Patriot Act. The program includes but is not limited to, checking client identity via independent sources. Testing client names against the Office of Foreign Asset Control's prohibited parties' lists, reviewing sources of funds, limiting annual contributions to IRA Club accounts to the Internal Revenue

Service established limits and if deemed necessary, filing Suspicious Activity Reports.

PRIVACY NOTICE

IRA Club has requested you to provide significant personal information. Thank you. This information is necessary, so we may properly service your account. Please know that IRA Club will work to protect the information you provide to us.

DEFINITIONS

We, our, and us, when used in this notice, mean IRA Club. "You" and "Your" shall mean the client of IRA Club.

Non-public personal information means information about you that we collect in connection with providing a financial product or service to you. Non-public personal information does not include information that is available from public sources, such as telephone directories or government records.

INFORMATION IRA CLUB COLLECTS ABOUT YOU

IRA Club may collect non-public personal information about you from the following sources: (1) Information we receive directly from you on

applications and other forms. (2) Information about transaction in your IRA account. (3) Information from consumer reporting agencies for identification verification.

Non-public personal information means information about you that we collect in connection with providing a financial administrative service to you. Non-public personal information does not include information that is available from public sources, such as telephone directories or government records. A non-affiliated third-party company that is a company that is not an affiliate of IRA Club.

INFORMATION IRA CLUB MAY DISCLOSE REGARDING YOUR ACCOUNT

IRA Club does not disclose non-public personal information about clients; except as required by law, a State or Federal Agency or by a State of Federal Court. In some instances, IRA Club must disclose some client information to State Regulators, our bank, custodian, or our attorneys. IRA Club limits access to non-public personal information only to those employees who need to know that information to provide services to you. IRA Club maintains physical, electronic, and procedural safeguards that comply with Federal standards to guard your non-public personal information.

GENERAL ACKNOWLEDGEMENT AND AGREEMENT

By signing this agreement, I hereby acknowledge that I have read and understand this statement and agreement and that I understand my responsibilities to IRA Club. I acknowledge that I have not and will not engage in any prohibited transactions within my IRA my and (or an IRA LLC retirement account or its asset holdings). I further acknowledge that if I do not provide IRA Club with the information required by this agreement, IRA Club may elect to distribute the account in whole or in part to me and that this may be a taxable distribution. The Custodian may rely on the information provided by me both now and in the future regarding my IRA investments. I hold IRA Club harmless from any action taken against them due to the inadequacy or inaccuracy of any information or documentation I provide.

ACCOUNT OWNER SIGNATURE	DATE SIGNED
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Form 5305-A (Rev. April 2017)
Department of the Treasury
Internal Revenue Service

Under section 408(a) of the
Internal Revenue Code
Keep for your records. Do not file.

The Depositor named on the IRA Club Self Directed IRA Application is 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.

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. The Custodian of the Custodial Account is MeridianBank.

The Depositor, the custodian and administrator make the following agreement.

Appointment of the Administration and the Custodian.

The Depositor hereby appoints The IRA Club, LLC ("IRA Club") to act as Administrator of the Custodial Account and appoints MeridianBank to act as the Custodian. The depositor understands and acknowledges that the Administrator is to provide administrative service for the Custodial Account, and to properly fulfill its duties to the Depositor as the Administrator. Under the terms of the account agreement, all communication between the Depositor and the Custodian shall be handled through the Administrator. The Depositor acknowledges and agrees that this Custodial Account Application and Form 5305, together with the fee schedule and any other written instructions, collectively comprise of the entire agreement and govern all aspects of the relationship with the Custodian, Administrator and any future trust entity. The Depositor acknowledges and agrees that the Administrator is independent of the Custodian and not empowered or authorized to be obligated or bound by the Custodian, and vice versa. Furthermore, nothing in this Agreement shall be construed to render the Administrator, any future trust entity, affiliate, employee, joint venture partner, strategic partner, as an agent of, or with the Custodian.

Neither the Administrator nor the Custodian is a trustee, mortgage broker, asset manager, investment advisor or loan servicing agent with respect to the Depositor and/or the Custodial Account. Neither the Administrator nor the Custodian has any discretionary power, authority or control with respect to the acquisition, management, investment or disposition of the self-directed Custodial Account or assets held in the IRA (individual retirement account).

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 recharacterized contribution described in section 408A(d)(6), the custodian will accept only cash contributions. For individuals who have reached the age of 50 by the end of the year, the contribution limit is increased to an additional \$1,000 per year. For years after 2020, these limits will be increased to reflect a cost-of-living adjustment, if any.

Article II

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

Article III

1. No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).

2. No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

Article IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the Account Owner'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 Account Owner's entire interest in the custodial account must be, or begin to be, distributed not later than the Account Owner's required beginning date, April 1 following the calendar year in which the Account Owner reaches age 70 1/2. By that date, the Account Owner 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 Account Owner or the joint lives of the Account Owner and his or her designated beneficiary.

3. If the Account Owner dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:

(a) If the Account Owner dies on or after the required beginning date and: (i) The designated beneficiary is the Account Owner'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 Account Owner'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 Account Owner 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 Account Owner as determined in the year of the Account Owner's death and reduced by 1 for each subsequent year.

(b) If the Account Owner dies before the required beginning date, the remaining interest will be distributed in accordance paragraph (i) below or, if elected or there is no designated beneficiary, in accordance with paragraph (ii) below. (i) The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the Account Owner's death. If, however, the designated beneficiary is the Account Owner's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the Account Owner would have reached age 701/2. But, in such case, if the Account Owner's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with paragraph (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with paragraph (ii) below if there is no such designated beneficiary. (ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Account Owner's death.

4. If the Account Owner dies before his or her entire interest has been distributed and if the designated beneficiary is not the Account Owner'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 Account Owner'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 Account Owner reaches age 701/2, is the Account Owner'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 Account Owner's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the Account Owner'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 Account Owner's (or, if applicable, the Account Owner 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 Account Owner's death (or the year the Account Owner would have reached age 701/2, 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 Account Owner reaches age 701/2 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 Account Owner 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 Account Owner 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.

Stretch Provisions

Article VIII and any Article, thereafter, may be used for any additional provisions also referred to as Stretch Provisions of this Agreement. The Stretch Provisions added hereinafter must comply with applicable requirements of state law and the Internal Revenue Code and may not imply that they have been reviewed or preapproved by the IRS.

Article VIII

Definitions: In this part of this Agreement (Article VIII), the words "you" and "your" mean the Depositor, the words "we," "us" and "our" mean the IRA Administrator and/or IRA Custodian (including its subsidiaries, agents and administrator), "Code" means the Internal Revenue Code, and "Regulations" means the Treasury Regulations. The term "Broker" means the broker-dealer/financial representative selected by you to provide investment services to your Traditional IRA.

Any notice to be given to us will be considered effective when we receive it. You must notify us in writing of a change of address.

Representations and Responsibilities: You represent and warrant to us that any information you have given or will give us, with respect to this Agreement is accurate. Further, you agree that any directions you give us, or action you take will be proper under this Agreement and that we are entitled to rely upon such information or directions.

We shall have no duty or responsibility to question any of your directions, review any securities or other property held in the Traditional IRA, or make any suggestions to you with respect to the investment, retention or disposition of any asset held in the Traditional IRA. We are entitled to act upon any instrument, certificate or form we believe is genuine and believe is signed or presented by the proper person or persons and we need not investigate or inquire as to any statement contained in any such document, but may accept it as true and accurate. We will not provide any tax, legal or investment advice.

We shall have no duty to monitor the sufficiency or adequacy of your actions or duties or those of your heirs, successors, agents, or assigns, nor shall we be required to monitor the acts of any paid consultant to whom we may have contractually delegated any duties or responsibilities pursuant to you or your agent's direction.

We shall not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act and you agree to reimburse us for any loss we may incur as a result of such directions, actions or failures to act. We shall not be responsible for any penalties, taxes, judgments or

expenses you incur in connection with the Traditional IRA. We have no duty to determine whether your contributions or distributions comply with the Code, Regulations, rulings or this Agreement

(a) Rollovers and Tax Consequences

You are responsible for determining whether a distribution from another Traditional IRA or Qualified Retirement Plan may be rolled over to this Traditional IRA.

You understand that we do not make any representation or warranty that any rollover contribution will be excludable from income for Federal or State income tax purposes.

(b) Custodial Account

We shall maintain a custodial account for your benefit. The custodial account will consist of an interest-bearing account with us and all other investments purchased at your direction. All assets in the custodial account will be registered in our name as custodian or in the name of our nominee. We may, by or through a Broker, or other such firm, hold any securities in bearer form or deposit them with a central clearing corporation or depository approved by the Securities and Exchange Commission; provided that our records show that all such investments are part of the custodial account.

(c) IRA Administrator & Custodian's Reservation of Rights

Notwithstanding any other provision of this Article VIII, we reserve the right to refuse to follow any investment direction by you which we determine violates any Federal or State Law.

Service Fees: We have the right to charge an annual service fee or other designated fees (for example, a transfer, rollover, transaction, or termination fee) for maintaining this Traditional IRA.

In addition, we have the right to be reimbursed or reserve funds for all reasonable expenses we incur in connection with the administration of the Traditional IRA. For more information on our fees, please refer to the current separate Schedule of Fees. Any brokerage commissions attributable to the assets in the Traditional IRA will be charged to the Traditional IRA. You cannot reimburse the Traditional IRA for those commissions.

Your Investment Powers and Our Custodial Duties/Obligations:

(a) Investment of Traditional IRA

Subject to Section 8.05(f), you have sole authority and discretion, fully and completely, to select and to direct the investment of all assets in the Traditional IRA.

You accept full and sole responsibility for the success or failure of any selection made. We shall have no discretion to direct any

investment in the Traditional IRA. We will not act as investment advisor or counselor to you and will not advise you or offer any opinion or judgment on any matter pertaining to the nature, value, potential value or suitability of any investment or potential investment of the assets of the Traditional IRA and are merely authorized to acquire and hold the particular investments specified by you. We shall not have any responsibility nor any liability for any loss of income or of capital, nor for any unusual expense which we may incur, relating to any investment, or to the sale or exchange of any asset which you or your authorized agent directs the IRA Administrator to make.

After your death, your beneficiary shall have the right to direct the investment of the Traditional IRA assets, subject to the same conditions that applied to you during your lifetime under this Agreement. All transactions shall be subject to any and all applicable Federal and State laws and regulations and the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed and to our policies and practices.

(b) Limitation of Investment Powers

We, as Custodian of the Traditional IRA assets entrusted to us under the Traditional IRA, shall not commingle the Traditional IRA with any other property we hold except in a common trust fund or common investment fund. We retain the power to take such actions as are reasonable and necessary to carry out our duties under the Traditional IRA. We are under no duty to take any action other than as specified under this Agreement unless you provide us with instructions and agree to indemnify and hold us harmless from any claims arising out of such instructions. Subject to the rules imposed by us, and subject to investment directions given by you or your authorized agent, we are authorized and empowered, but not by way of limitation, with the following powers, rights and duties:

- 1) To hold or invest any part or all the Traditional IRA in any asset permissible under law as an investment for an individual retirement account;
- 2) To manage, sell, contract to sell, grant options to purchase, convey, petition, divide, subdivide, exchange, transfer, abandon, improve, repair, insure, lease for any term even though commencing in the future or extending beyond the term of the Traditional IRA, and otherwise deal with all property, real or personal, in such manner for such considerations and on such terms and conditions as are in accordance with the written direction we receive;
- 3) To borrow money, to lend money, to assume indebtedness, extend mortgages and encumber by mortgage or pledge;
- 4) To retain in cash so much of the Traditional IRA as you or your authorized agent directs, or pending other instructions from

you or your authorized agent, and to deposit such cash held in the Traditional IRA in a savings instrument at a reasonable rate of interest, including specific authority to invest in an individual savings account, an individual certificate of deposit, a money market account, or in other savings instruments which we offer and/or select. We may perform sub-accounting functions related to the un-invested funds and may receive a fee directly from an investment sponsor for these services;

- 5) To transfer all or any part of the Traditional IRA funds from one type of savings instrument offered by us to another type of savings instrument offered by us, to the extent permitted by the applicable governmental regulations and our procedures;
- 6) To purchase and to hold annuity contracts and exercise all rights of ownership of the contracts; and
- 7) To make, execute and deliver as Custodian contracts, waivers, releases or other written instruments necessary to exercise the powers enumerated above.

(c) IRA Administrator & Custodian's Powers

We shall have the power or duty:

- 1) To hold any securities or other property in the Traditional IRA in the name of the Custodian or its nominee, or in another form as we may deem best, with or without disclosing the custodial relationship;
- 2) To retain any funds or property subject to any dispute without liability for the payment of interest and to decline to make payment or delivery of the funds or property until a court of competent jurisdiction makes final adjudication;
- 3) To charge against and pay from the Traditional IRA all taxes of any nature levied, assessed, or imposed upon the Traditional IRA, and to pay all reasonable expenses and attorney fees which may be necessarily incurred by us with respect to the Traditional IRA;
- 4) To file any tax or information return required of us, and to pay any tax, interest or penalty associated with any such tax return;
- 5) To act pursuant to written blanket settlement authorization given by you on transactions executed by your designated agent. We are authorized to honor all trade confirmations received from such agent;
- 6) To furnish or cause to be furnished to you an annual calendar year report concerning the status of the Traditional IRA, including a statement of the assets of the Traditional IRA held at the end of the calendar year;

7) To begin, maintain or defend any litigation necessary in connection with the administration of the Traditional IRA, except that we shall not be obliged or required to do so unless indemnified to our satisfaction, including, without limitation, payment of such expenses out of Traditional IRA assets;

8) To exercise the voting rights and other shareholder rights with respect to securities in the Traditional IRA but only in accordance with the instructions you give to us;

9) To employ and pay from the Traditional IRA reasonable compensation to agents, attorneys, accountants and other professional persons for advice that in our opinion may be necessary. We may delegate to any agent, attorney, accountant and other persons selected by us any power or duty vested in us by this Agreement; and

10) To charge you separately for any fees or expenses or deduct the amount of the fees or expenses from the assets in the Traditional IRA at our discretion. We are also entitled to be reimbursed for any taxes and other expenses we assume or incur on behalf of your account. Our right to compensation and reimbursement from the account shall constitute a first prior lien against your account. We have the right to change our fee upon 30 days' notice to you. We are authorized to liquidate assets of the Traditional IRA for any unpaid fee balance and can, at our discretion, require you to retain un-invested cash in the Traditional IRA in an amount not less than one year's annual fees and termination fees and not more than \$1,000. The choice of the selling broker and assets to be sold shall be at our sole discretion. Should fees or expenses not be collected, we shall have the option to cease performing any functions, including, but not limited to, processing investment transactions until such time as all fees and expenses charged against the account are fully paid.

In addition to the fees reflected on the most recent fee schedule, The Custodian may receive compensation from a depository bank for necessary administrative services as part of the establishment of and maintenance of the custodial cash account including, but not limited to sub-accounting services, depository institution selection, record-keeping and transaction interest that shall be set by the Custodian's Board of Directors at least annually consistent with rates being offered by one or more depository institutions for similar accounts. The Custodian, at its discretion, may place deposits with one or more depository banks. All these depository bank accounts will be FDIC insured up to the maximum allowed by law.

In addition, the Custodian may receive commissions, 12(b)1 fee, sub-transfer agent fees, marketing fees and other types of compensation from various entities relating to investments held in the Traditional IRA.

(d) Publicly-Traded Securities

If publicly-traded securities are to be included in the specified investments, orders shall be executed through a securities broker/dealer registered under the Securities Exchange Act of 1934 designated by you upon such form as we may prescribe. Any brokerage account maintained in connection herewith shall be in our name as the Custodian of your account. We shall be authorized to honor transactions within the brokerage account without obligation to verify prior authorization of same by you. Any cash received by the brokerage account, whether as income or proceeds of transactions, may be held by the brokerage account pending directions, and we shall have no obligation to direct the broker to remit such cash until directed to do so by you, but may receive remittances without direction if the same are made by the broker. Investments outside the brokerage account shall be made in accordance with the other provisions of this Article.

(e) Investment directions may be given by you directly to your designated broker (in such manner as the broker may require) and the broker shall be responsible for the execution of such orders. When securities are purchased within your brokerage account requiring that funds be remitted by us to make settlement, you agree to telephonically notify us or instruct your broker or agent to telephonically notify us on the trade date of the pending securities transaction, and to request delivery of the Traditional IRA account assets necessary to settle the trade. You agree to hold us harmless for any losses resulting from your failure to notify us of the pending trade and request for settlement in the above-prescribed manner.

(f) Alternative Investments

You may, at your discretion, direct us to purchase "alternative" investments which shall include, but not be limited to, investments which are individually negotiated by you or your agent, or part of a private placement of securities offered in reliance upon exemptions provided by Sections 3(B) and 4(2) of the Securities Act of 1933 and Regulation D promulgated thereunder. It is your sole responsibility to determine whether your selected investment(s) is required to be registered as a security with any applicable federal and/or state regulatory authority. We reserve the right to not follow such direction or process such investment(s) for administrative reasons. Such action should not be construed as investment advice or an opinion by us as to the investment's prudence or viability. If you or your agent should direct us to purchase an alternative investment, as defined above, the following special certifications and provisions shall apply:

1) You agree to submit or cause to be submitted all offering documentation related to the alternative investment for an administrative review by us, if so requested. We reserve the right to charge a reasonable fee for such administrative review.

2) If the alternative investment(s) contains a provision for future contractual payments or assessments, including margin calls,

you acknowledge that such payments shall be borne solely by the Traditional IRA account, that authorization to make such payments shall come from you or your agent, and that making such payments may reduce or exhaust the value of the Traditional IRA account. You further agree to maintain enough liquid funds in the Traditional IRA account to cover any such payments or assessments and agree that we are not responsible for monitoring the balance of the account to verify compliance with this Section.

3) If the alternative investment(s) contain administrative and/or management requirements or duties beyond our capabilities or expertise to provide, then you agree to seek out suitable agents or counsel necessary to perform such duties and deliver a written service agreement acceptable to us for execution on behalf of the Traditional IRA account.

4) If you direct us to enter into an individually-negotiated debt instrument, including a promissory note, deed of trust, real estate contract, mortgage note or debenture, we strongly encourage you retain the services of a third-party Note Servicing Agent Agreement with a third-party Agent, on a form acceptable to us. Said Note Servicing Agent shall be your agent and not ours and shall be responsible for administering the terms of the debt instrument on behalf of the Traditional IRA account. Should the Note Servicing Agent ever become unwilling or unable to perform the duties outlined in the Note Servicing Agent Agreement, then you understand and agree that all duties of the Note Servicing Agent shall revert to you until a successor Agent is named. We will not act as a Note Servicing Agent, i.e., we do not monitor your account to ensure receipt of note payments, notify you in the event of default, prepare or compute payoff balances, prepare or file Form 1098, etc.

5) We are responsible for safekeeping only those documents which you or your agent deliver to us.

6) You agree to be responsible for any and all collection actions, including contracting with a collection agency or instituting legal action, and bring any other suits or actions which may become necessary to protect the rights of the account as a result of the operation or administration of the investment(s).

7) Once you or your agent authorize that funds to be distributed from your account for purposes of investment, you agree to be responsible for the following:

a) verifying that the individual or investment company that you selected placed your funds into the proper investment;

b) obtaining the necessary documentation from the individual or investment company to verify that the funds were correctly invested, including, but not limited to, shares or units, proper recordation, loan to value ratio, etc.; and

c) sending the original documentation evidencing the investment to us or, in the case of a promissory note investment, to a third-party servicing agent. We will not monitor the account to ensure receipt of such documentation and will rely solely on you to provide this information.

(g) Delegation of Investment Responsibility

We may, but are not required to, permit you to delegate investment responsibility for the Traditional IRA to another party. On a form or format acceptable to us, you may designate a representative for the purpose of communicating investment directions to us and receiving information from us regarding your account. Said representative may be a registered representative of a broker/dealer organization, a financial advisor or other person as may be acceptable to you. Such person shall be your authorized agent, and not ours. We shall construe any and all investment directions given by such person, whether written or oral, as having been authorized by you. You may appoint and/or remove such a person only by written notice to us provided that their removal shall not have the effect of canceling any notice, instruction, direction or approval received by us from the removed person before we receive notice of removal from you. We shall follow the proper written direction of any such party who is properly appointed, and we shall be under no duty to review or question, nor shall we be responsible for, any of that party's directions, actions or failures to act. That party's instructions to us shall be deemed to be instructions by you for all purposes of this Article VIII.

(h) Broker

You have the sole responsibility for the appointment, selection and retention of a Broker. You have the sole responsibility for determining whether the Broker is qualified to act in that capacity. We shall assume that the Broker appointed by you is always qualified to act. We shall further assume that the Broker possesses the authority to act in that capacity until such time as you have appointed another Broker. The Broker will be responsible for the execution of securities orders. The Broker may require that you sign an agreement which sets forth, among other things, its responsibilities and your responsibilities regarding securities transactions for the Traditional IRA.

(i) Authorization

On a form or in a format acceptable to us, you may authorize us to accept written, verbal, fax, e-mail and other means of communication for investment directions from you or your designated representative. You agree that we are not responsible for verifying the propriety of any investment direction and that we are not responsible for unauthorized trades in your account that may be affected under this Section.

(j) Valuation of Assets

We shall value assets of the account on a periodic basis utilizing various outside sources. However, we do not guarantee the

accuracy of such prices obtained from quotation services, independent appraisal services, investment sponsors, or parties related thereto or other outside sources. Values for brokerage accounts shall be equal to the total equity value of the account and shall reflect only those assets that are priced by the brokerage firm. Individual assets held within your brokerage account may not be listed individually on our statements. Such information can be obtained directly from your brokerage statement.

The IRA Administrator or the IRA Custodian shall have no duty or responsibility to value illiquid assets such as promissory notes, real estate, privately held stocks, etc. These assets will be valued at cost (original purchase price) unless you provide us with documentation, in a form and from a source acceptable to us, which provides an alternative value. With respect to Limited Partnerships and Limited Liability Companies, we may solicit a value directly from the investment sponsor or other outside source. If the investment sponsor is unwilling or unable to provide a fair market value, then we may list the value of the asset at its original cost or as "Not Available."

Assets which have no readily determinable market value, are bankrupt, or for which no original cost or value is otherwise available may have their value reflected as "Not Available" on our statements. Should we be required to provide such information for illiquid assets we may obtain suitable and independent advisors. The costs of the independent valuation shall be at the expense of the Traditional IRA.

(k) Unrelated Business Taxable Income (UBIT) and or Unrelated Debt Financing Income (UDFI)

Certain investments may generate taxable income within the Traditional IRA account. This is referred to as UBTI or UDFI. Such income must be considered in conjunction with all such income from all the Traditional IRA accounts and may be taxable to your account(s) to the extent that all UBTI and UDFI for a given taxable year exceeds the threshold amount set by the IRS (currently \$1000). In such instances, the IRS requires that a Form 990-T be filed for the Traditional IRA account along with the appropriate amount of tax. We do not monitor the amount of UBTI or UDFI in the Traditional IRA account with us and do not prepare Form 990-T. Therefore, you must monitor UBTI and UDFI for this and any other Traditional IRA account which you may hold and prepare, or have prepared, the proper 990-T tax form and forward it to us for filing, along with authorization to pay any tax due from the Traditional IRA account.

(l) Life Insurance and Collectibles

You may not direct the purchase of a life insurance contract or a "collectible" as defined in Code Section 4011(m).

Beneficiary(ies): If you die before you receive all the amounts in your Traditional IRA, payments from your Traditional IRA will be made to your beneficiary(ies).

You may designate one or more persons or entities as beneficiary of your Traditional 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 or after as provided by law. 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 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 distribution(s) from an inherited IRA at the time of your death) to name a successor beneficiary(ies) for the inherited IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during the original IRA beneficiary's(ies) lifetime or after as provided by law. Unless otherwise specified, each beneficiary designation form that the original IRA beneficiary(ies) files with us will cancel all previous ones. The consent of a successor beneficiary(ies) shall not be required for the original IRA beneficiary(ies) to revoke a successor beneficiary(ies) designation. If the original IRA beneficiary(ies) does not designate a successor beneficiary(ies), his or her estate will be the successor beneficiary. In no event shall the successor beneficiary(ies) be able to extend the distribution period beyond that required for the original IRA beneficiary.

Termination: Either party may terminate this Agreement at any time by giving written notice to the other. We can resign as Custodian at any time effective 30 days after we mail written notice of our resignation to you. Upon receipt of that notice, you must decide to transfer the Traditional IRA to another financial organization. If you do not complete a transfer of the Traditional IRA within 30 days from the date we mail the notice to you, we have the right to transfer the Traditional IRA assets to a successor Traditional IRA Custodian or Trustee that we choose in our sole discretion or we may pay the Traditional IRA to you in a single sum. We shall not be liable for any actions or failures to act on the part of the successor Custodian or Trustee nor for tax consequences you may incur that result from the transfer or distribution of the Traditional IRA assets pursuant to this section.

If this Agreement is terminated, we may hold back from the Traditional IRA a reasonable amount of money which we believe is necessary to cover any one or more of the following:

(a) any fees, expenses or taxes chargeable against the Traditional IRA;

(b) any penalties associated with the early withdrawal of any savings instrument or other investment in the Traditional IRA.

If our organization is merged with another organization (or comes under the control of any Federal or State agency) or if our entire organization (or any portion which includes the Traditional IRA) is bought by another organization, that organization (or agency) shall automatically become the Trustee or Custodian of the Traditional IRA, but only if it is the type of organization authorized to serve as a Traditional IRA Trustee or Custodian.

If we are required to comply with Section 1.408-2(e) of the Treasury Regulations 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 that a substitute Trustee or Custodian be appointed.

Amendments: We have the right to amend this Agreement at any time and charge a fee for IRS mandated amendments. Any amendment we make to comply with the Code and related Regulations does not require your consent.

Withdrawals: All requests for withdrawal 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.

Age 72 Notice: Effective January 1, 2020, the SECURE Act has changed the age requirement for Account Owners to take their first RMD ("Required Minimum Distribution") from 70 ½ to 72. This applies only to individuals reaching 72 after December 31, 2019. If you reached age 70 ½ in 2019, you are still subject to RMD, and must take your first distribution no later than April 1, 2020. I certify that I have read the applicable section for the transaction I have chosen, and understand and agree to all terms.

Required Minimum Distributions: You may make an election to begin receiving payments from your IRA in a manner that satisfies the required minimum distribution rules no later than April 1st of the year following the year you reach age 70½ (this is called the "required beginning date"). If you fail to make such an election by your required beginning date, we can, at our complete and sole discretion, do any one of the following:

- (a) make no payment until you give us a proper payment request;
- (b) pay your entire IRA to you in a single sum payment or distribution in kind; or
- (c) calculate your required minimum distribution each year for your IRA based on an IRS approved method 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 distribution.

Transfers from Other Plans: We can receive amounts transferred to the Traditional IRA from the Custodian or Trustee of another Traditional IRA. We reserve the right not to accept any transfer or rollover.

Liquidation of Assets: We have the right to liquidate assets in the Traditional IRA if necessary, to make distributions or to pay fees, expenses or taxes properly chargeable against the Traditional 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.

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

What Law Applies: This Agreement is subject to all applicable Federal and State laws and regulations. If it is necessary to apply any State law to interpret and administer this Agreement, the law of the state of Illinois shall govern.

If any part of this Agreement is determined by a court of competent jurisdiction to be invalid, the remaining parts shall not be affected. Neither you nor our failure to enforce at any time or for any period any of the provisions of this Agreement shall be construed as a waiver of such provisions, or the parties' right thereafter to enforce each such provision. These rights and liabilities are continuous, covering individually and collectively, all accounts you may open with us or our agent for the same Traditional IRA, and inure to the benefit of us, our successors or assigns and are binding on you and your heirs, successors or assigns.

Indemnity of Custodian: To the extent not prohibited by Federal or State law, you agree to indemnify, defend and hold the Custodian, its subsidiaries and administrator (including their officers, agents and employees) harmless against and from any and all claims, demands, liabilities, costs and expenses (including reasonable attorneys' fees and expenses), arising in connection with this agreement, with respect to (A) any negligence or alleged negligence, whether passive or active, by the Custodian, its subsidiaries and administrator (including its officers, agents and employees), (B) any breach or alleged breach, whether passive or active, by the Custodian, its subsidiaries and administrator (including their officers, agents and employees) of any responsibilities under this Agreement, or (C) any breach or alleged breach, whether passive or active, by a third party of responsibilities under this Agreement. You

further agree to pay for the defense of the Custodian, its subsidiaries and administrator, (including their officers, agents and employees) by independent counsel of the Custodian's choice against any such claims, demands, liabilities or costs referred to in the preceding sentence.

You agree to indemnify, defend and hold the Custodian, its subsidiaries and administrator (including their officers, agents and employees) harmless against and from any and all payments or assessments which may result from holding any publicly- traded security or alternative investment within the Traditional IRA account, and further agree that the Custodian, its subsidiaries and administrator (including their officers, agents and employees) shall be under no obligation whatsoever to extend credit or otherwise disburse payment beyond the cash balance of your account for any payment or assessment related to such investment(s).

Adverse Claims: If we receive any claim to the assets held in the Traditional IRA which is adverse to your interest or the interest of your beneficiary, and we in our absolute discretion decide that the claim is, or may be, meritorious, we may withhold distribution until the claim is resolved or until instructed by a court of competent jurisdiction. As an alternative, we may deposit all or any portion of the assets in the Traditional IRA into the court through a motion of interpleader. Deposit with the court shall relieve IRA Administrator of any further obligation with respect to the assets deposited. We have the right to be reimbursed from the funds deposited for our legal fees and costs incurred.

Fund Not Guaranteed: We do not guarantee the Fund (the Traditional IRA account) from loss or depreciation. Our liability to make payment to you at any time and all times is limited to the available assets of the Fund.

Arbitration: Any controversy or claim arising out of or relating to this Agreement or the breach thereof, shall be governed by the laws of the State of Illinois, and any action commenced arising out of or relating to this agreement shall be resolved by arbitration in Cook County, Illinois, unless another location is mutually agreed upon, in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The award rendered by the Arbitrator(s) shall be final, and judgement upon the award may be entered by any court located in Cook County, Illinois.

Choice of Law: This Agreement will be governed, construed, and enforced in accordance with the laws of the State of Illinois without regard to its conflict of laws principals. Venue for any and all suits arising hereunder shall be with the federal or state courts located in the State of Illinois, Cook County.

Legal Fees and Expenses: In the event a suit or action is filed to enforce the Agreement, the prevailing Party shall be entitled to reimbursement from the other Party for all costs and

expenses incurred by the prevailing Party in connection with the suit or action, including reasonable attorney fees which shall not exceed the lesser of \$65,000.00 or 20% of the award amount.

Notices: All written notices required hereunder shall be sent by first class mail, postage prepaid, and directed to the undersigned at the address shown in the preamble this Agreement, or to such other physical or email address as is designated by the recipient.

Acknowledgement

By signing the account application, I hereby acknowledge that I have read and examined this custodial agreement and disclosure statement and that I understand my responsibilities to IRA Club. I acknowledge this Custodian Account Agreement and agree to abide by the terms as currently in effect or as they may be amended from time to time by the IRS or IRA Club.

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

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

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

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

Article II—SEP Requirements (see instructions)

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

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

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

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

Purpose of Form

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

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

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

Instructions to the Employer

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

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

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

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

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

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

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

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

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

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

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

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

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

* For 2005 and later years, this amount is subject to annual cost-of-living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS website at www.irs.gov.

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

Completing the agreement. This agreement is considered adopted when:

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

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

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

Information for the Employee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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