



Simple Individual Retirement Custodial Agreement & Disclosure Statement

The attached agreement has not been updated to reflect changes in the law due to the SECURE 2.0 Act of 2022, which was signed into law on December 29, 2022, with respect to death distributions.

RBC Wealth Management

250 Nicollet Mall | Minneapolis, MN 55401-1931
(800) 759-4029 | www.rbcwealthmanagement.com



Wealth
Management

Investment and insurance products offered through RBC Wealth Management are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.

PAGE INTENTIONALLY LEFT BLANK.

SIMPLE Individual Retirement Custodial Account

(under Sections 408(a) and 408(p) of the Internal Revenue Code)

(April 2017)

Department of the Treasury | Internal Revenue Service

ARTICLE I

1.01 The Custodian will accept cash contributions made on behalf of the participant by the Participant's employer under the terms of a SIMPLE IRA plan described in section 408(p) and, after the 2-year period of participation defined in section 72(t)(6), transfers or rollovers from any eligible retirement plan (as defined in section 402(c)(8)(B)) other than a Roth IRA or designated Roth account. In addition, the Custodian will accept transfers or rollovers from other SIMPLE IRAs of the Participant. No other contributions will be accepted by the Custodian.

ARTICLE II

2.01 The Participant's interest in the balance in the Custodial Account is nonforfeitable.

ARTICLE III

- 3.01 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 custodial fund or common investment fund (within the meaning of section 408(a)(5)).
- 3.02 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

- 4.01 Notwithstanding any provision of this agreement to the contrary, the distribution of the Participant's interest in the Custodial Account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
- 4.02 The Participant's entire interest in the Custodial Account must be, or begin to be, distributed not later than the Participant's required beginning date, April 1st following the calendar year in which the Participant reaches age 73. By that date, the Participant may elect, in a manner acceptable to the Custodian, to have the balance in the Custodial Account distributed in:
- (a) A single sum or
 - (b) Payments over a period not longer than the life of the Participant or the joint lives of the Participant and his or her designated Beneficiary.
- 4.03 If the Participant dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
- (a) If the Participant dies on or after the required beginning date and:
 - (i) The designated Beneficiary is the Participant's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.
 - (ii) The designated Beneficiary is not the Participant's surviving spouse, the remaining interest will be distributed over the Beneficiary's remaining life expectancy as determined in the year following the death of the Participant and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.
 - (iii) There is no designated Beneficiary, the remaining interest will be distributed over the remaining life expectancy of the Participant as determined in the year of the Participant's death and reduced by 1 for each subsequent year.

- (b) If the Participant dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated Beneficiary, in accordance with 4.03(b)(ii) below:
 - (i) The remaining interest will be distributed in accordance with paragraphs 4.03(a)(i) and 4.03(a)(ii) above (but not over the period in paragraph 4.03(a)(iii), even if longer), starting by the end of the calendar year following the year of the Participant's death. If, however, the designated Beneficiary is the Participant's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the Participant would have reached age 73. But, in such case, if the Participant's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with 4.03(a)(ii) above (but not over the period in paragraph 4.03(a)(iii), even if longer), over such spouse's designated Beneficiary's life expectancy, or in accordance with 4.03(b)(ii) below if there is no such designated Beneficiary.
 - (ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Participant's death.
- 4.04 If the Participant dies before his or her entire interest has been distributed and if the designated Beneficiary is not the Participant's surviving spouse, no additional contributions may be accepted in the account.
- 4.05 The minimum amount that must be distributed each year, beginning with the year containing the Participant's required beginning date, is known as the "required minimum distribution" and is determined as follows:
 - (a) The required minimum distribution under paragraph 4.02(b) for any year, beginning with the year the Participant reaches age 73, is the Participant's account value at the close of business on December 31st of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the Participant's designated Beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the Participant's account value at the close of business on December 31st of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the Participant's (or, if applicable, the Participant and spouse's) attained age (or ages) in the year.
 - (b) The required minimum distribution under paragraphs 4.03(a) and 4.03(b)(i) for a year, beginning with the year following the year of the Participant's death (or the year the Participant would have reached age 73, if applicable under paragraph 4.03(b)(i)) is the account value at the close of business on December 31st 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 4.03(a) and 4.03(b)(i).
 - (c) The required minimum distribution for the year the Participant reaches age 73 can be made as late as April 1st of the following year. The required minimum distribution for any other year must be made by the end of such year.
- 4.06 The owner of two or more IRAs (other than Roth IRAs) may satisfy the minimum distribution requirements described above by taking from one IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

ARTICLE V

- 5.01 The Participant agrees to provide the Custodian with all information necessary to prepare any reports required by sections 408(i) and 408(l)(2) and Regulations sections 1.408-5 and 1.408-6.
- 5.02 The Custodian agrees to submit to the Internal Revenue Service (IRS) and Participant the reports prescribed by the IRS.
- 5.03 The Custodian also agrees to provide the Participant's employer the summary description described in section 408(l)(2) unless this SIMPLE IRA is a transfer SIMPLE IRA.

ARTICLE VI

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

ARTICLE VII

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

ARTICLE VIII

8.01 Definitions:

- (a) **Beneficiary** — shall mean any person so designated by a Participant or a Beneficiary eligible to receive distributions, in a written notice to the Custodian made pursuant to this Custodial Agreement.
- (b) **Custodial Account** — shall mean the individual retirement account held by the Custodian on behalf of the Participant pursuant to this Custodial Agreement.
- (c) **Custodial Agreement** — shall mean this custodial individual retirement account agreement between Custodian and Participant.
- (d) **Custodian** — shall mean RBC Capital Markets, LLC and any successor custodian under this Custodial Agreement.
- (e) **Participant** — an individual who has established a SIMPLE individual retirement account with the Custodian pursuant to this Custodial Agreement. Unless the context clearly requires otherwise, “Participant” will also refer to the Beneficiary of a deceased Participant or deceased Beneficiary.
- (f) **Transfer SIMPLE IRA** — This SIMPLE IRA is a “transfer SIMPLE IRA” if it is not the original recipient of contributions under any SIMPLE IRA plan. The summary description requirements of section 408(l)(2) do not apply to transfer SIMPLE IRAs.

8.02 **Applicable Law:** This Custodial Agreement shall be governed by the laws of the State of Minnesota.

8.03 **Annual Accounting:** The Custodian shall, at least annually, provide the Participant or Beneficiary (in the case of death) with an accounting of such Participant’s account. Such accounting shall be deemed to be accepted by the recipient, if the Participant or Beneficiary does not object in writing within 60 days after the mailing of such accounting statement. No person other than the Participant or Beneficiary (in case of death), or their legal representative, may require an accounting or bring any action against the Custodian with respect to the Custodial Account or its actions as Custodian.

8.04 **Amendment:** The Participant irrevocably delegates to the Custodian the right and power to amend this Custodial Agreement. Except as hereafter provided, the Custodian will give the Participant 30 days’ prior written notice of any amendment. In the case of a retroactive amendment required by law, the Custodian will provide written notice to the Participant of the amendment within 30 days after the amendment is made, or if later, by the time that notice of the amendment is required to be given under regulations or other guidance provided by the IRS. The Participant shall be deemed to have consented to any such amendment not objected to in writing by the Participant within thirty (30) days of receipt of the notice, provided that no amendment shall cause or permit any part of the assets of the Custodial Account to be diverted to purposes other than for the exclusive benefit of the Participant or his or her Beneficiaries.

8.05 Resignation and Removal of Custodian:

- (a) The Custodian may resign and appoint a successor trustee or custodian to serve under this Custodial Agreement or under another governing agreement selected by the successor trustee or custodian by giving the Participant written notice at least 30-days prior to the effective date of such resignation and appointment, which notice shall also include or be provided under separate cover a copy of such other governing instrument, if applicable, and the related disclosure statement. The Participant shall then have 30 days’ from the date of such notice to either request a distribution of the entire Custodial Account balance or designate a different successor trustee or custodian and notify the Custodian of such designation. If the Participant does not request distribution of the Custodial Account balance or notify the Custodian of the designation of a different successor trustee or custodian within such 30-day period, the Participant shall be deemed to have consented to the appointment of the successor trustee or custodian and the terms of any new governing instrument, and neither the Participant nor the successor shall be required to execute any written document to complete the transfer of the Custodial Account to the successor trustee or custodian. The successor trustee or custodian may rely on any information, including beneficiary designations, previously provided by the Participant to the Custodian.

- (b) The Participant may at any time remove the Custodian and replace the Custodian with a successor trustee or custodian of the Participant's choice by giving the Custodian 30 days' written notice of such removal and replacement. The Custodian shall then deliver the assets of the Custodial Account as directed by the Participant. However, the Custodian may retain a portion of the assets of the Custodial Account as a reserve for payment of any anticipated remaining fees and expenses, and shall pay over any remainder of this reserve to the successor trustee or custodian upon satisfaction of such fees and expenses.
- (c) The Custodian may resign and demand that the Participant appoint a successor trustee or custodian of this Custodial Agreement by giving the Participant written notice at least 30 days prior to the effective date of such resignation. The Participant shall then have 30 days from the date of such notice to designate a successor trustee or custodian, notify the Custodian of the name and address of the successor trustee or custodian, and provide the Custodian with appropriate evidence that such successor has accepted the appointment and is qualified to serve as trustee or custodian of an individual retirement account.
- (1) If the Participant designates a successor trustee or custodian and provides the Custodian evidence of the successor's acceptance of appointment and qualification within such 30-day period, the Custodian shall then deliver all of the assets in the Account (whether in cash or personal or real property, wherever located, and regardless of value) to the successor trustee or custodian.
 - (2) If the Participant does not notify the Custodian of the appointment of a successor trustee or custodian within such 30-day period, then the Custodian may distribute all of the assets held by the Custodian in the Account (whether in cash or personal or real property, wherever located, and regardless of value) to the Participant, outright and free of custodial, and the Participant shall be wholly responsible for the tax consequences of such distribution.

In either case, the Custodian may expend any assets in the Account to pay expenses of transfer (including re-registering the assets and preparation of deeds, assignments, and other instruments of transfer or conveyance) to the successor trustee or custodian or the Participant, as the case may be. In addition, the Custodian may retain a portion of the assets as a reserve for payment of any anticipated remaining fees and expenses. Upon satisfaction of such fees and expenses, the Custodian shall pay over any remainder of the reserve to the successor trustee or custodian or to the Participant, as the case may be.

8.06 Custodian's Fees and Expenses:

- (a) This Section, 8.06, of the Custodial Agreement shall be governed by the requirements of Section 408(p)(7) and IRS Notice 98-4, Section J, and is further explained in the accompanying SIMPLE IRA Disclosure Statement.
- (b) The Participant agrees to pay the Custodian any and all fees specified in the Custodian's current published fee schedule for establishing and maintaining this Custodial Account, including any fees for distributions from, transfers from, and terminations of this SIMPLE IRA. A portion of the foregoing fees may be shared with the financial institution that introduced your account. The Custodian may change its fee schedule at any time by giving the Participant 30 days' prior written notice.
- (c) The Participant agrees to pay any expenses incurred by the Custodian in the performance of its duties in connection with the Account. Such expenses include, but are not limited to, administrative expenses, such as legal and accounting fees, and any taxes of any kind whatsoever that may be levied or assessed with respect to the Account. Notwithstanding any provision in this Custodial Agreement to the contrary, the Participant hereby acknowledges that the Custodian is authorized, with or without advance direction from the Participant, to liquidate such investments as are necessary to deduct from and charge against the Custodial Account all such fees, taxes and other administrative expenses not paid by the Participant.
- (d) All such fees, taxes, and other administrative expenses charged to the account shall be collected only from either the assets in the account or from any contributions to or distributions from such account if not paid by the Participant. Notwithstanding any provision in this Custodial Agreement to the contrary, the Participant hereby acknowledges that the Custodian is authorized, with or without advance direction from the Participant, to liquidate such investments as are necessary to deduct from and charge against the Custodial Account all such fees, taxes and other administrative expenses not paid by the Depositor.
- (e) In the event that for any reason the Custodian is not certain as to who is entitled to receive all or part of the Custodial Account, the Custodian reserves the right to withhold any payment from the Custodial Account, to request a court ruling to determine the disposition of the Custodial Account, and to charge the Custodial Account for any expenses incurred in obtaining such legal determination.

- 8.07 **Withdrawal Requests:** All requests for withdrawal shall be in writing on the form provided by the Custodian. Such written notice must also contain the reason for the withdrawal and the method of distribution being requested.
- 8.08 **Age 73 Default Provisions:**
If the Participant does not choose any of the distribution methods under Article IV of this Custodial Agreement by the April 1st following the calendar year in which the Participant reaches age 73, distribution shall be determined based upon the distribution period in the uniform lifetime distribution period table in Regulation section 1.401(a)(9)-9. However, no payment will be made until the Participant provides the Custodian with a proper distribution request acceptable to the Custodian. The Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the account. Upon receipt of such distribution request, the Participant may switch to a joint life expectancy in determining the required minimum distribution if the Participant's spouse was the sole beneficiary as of the January 1st of the distribution calendar year and such spouse is more than 10 years younger than the Participant.
- 8.09 **Responsibility for Required Minimum Distributions:** The Participant is solely responsible for requesting a distribution from his or her Custodial Account as necessary to comply with the required minimum distribution provisions of Article IV.
- 8.10 **Investment Provisions:** Pursuant to IRS Notice 98-4, Q&A J-4, if the Custodian is the Designated Financial Institution (DFI) and the Participant timely elects that his or her balance be transferred without cost or penalty to another SIMPLE IRA in accordance with the provisions described in the accompanying SIMPLE IRA Disclosure Statement, the Custodian reserves the right to restrict the Participant's choice of investment alternatives as determined by the Custodian.
- 8.11 **Transitional Rule for Determining Required Minimum Distributions for Calendar Year 2002:** Unless the Custodian provides otherwise, if a Participant (or Beneficiary) is subject to required minimum distributions for calendar year 2002, such individual may elect to apply the 1987 proposed regulations, the 2001 proposed regulations, or the 2002 final regulations in determining the amount of the 2002 required minimum. However, the Custodian, in its sole discretion, reserves the right to perform any required minimum distribution calculations through its data systems or otherwise based upon any of the three sets of regulations delineated in the previous sentence.
- 8.12 **Responsibilities:** Participant agrees that all information and instructions given to the Custodian by the Participant are complete and accurate and that the Custodian shall not be responsible for any incomplete or inaccurate information provided by the Participant or the Participant's Beneficiary. Participant agrees that Participant and his or her Beneficiary shall be responsible for all tax consequences arising from contributions to and distributions from this Custodial Account and acknowledges that no tax advice has been provided by the Custodian.

Neither RBC Wealth Management, a division of RBC Capital Markets, LLC, nor its affiliates or employees provide legal, accounting or tax advice. All legal, accounting or tax decisions regarding your accounts and any transactions or investments entered into in relation to such accounts, should be made in consultation with your independent advisors. No information, including but not limited to written materials, provided by RBC WM or its affiliates or employees should be construed as legal, accounting or tax advice.

- 8.13 **Designation of Beneficiary:**
- (a) Except as may be otherwise required by State law, in the event of the Participant's death, the balance in the account shall be paid to the beneficiary or beneficiaries designated by the Participant on a beneficiary designation form acceptable to and filed with the Custodian. The Participant may change the Participant's beneficiary or beneficiaries at any time by filing a new beneficiary designation with the Custodian. If no beneficiary designation is in effect, if none of the named beneficiaries survive the Participant, or if the Custodian cannot locate any of the named beneficiaries after reasonable search, any balance in the account will be payable to the Participant's surviving spouse; or if no spouse survives the Participant, the Participant's estate.
- (b) Following the Participant's death, any Beneficiary may name a subsequent Beneficiary(ies) to receive the balance of the Custodial Account to which such Beneficiary is entitled on a Beneficiary designation form acceptable to and filed with the Custodian. Payments to such subsequent beneficiary(ies) shall be distributed in accordance with the payment schedule applicable to the Beneficiary named by the Participant or more rapidly if the subsequent Beneficiary requests. In no event can any subsequent Beneficiary be treated as a Beneficiary of the Participant. The preceding sentence shall not apply with respect to the subsequent Beneficiary(ies), if any, designated by the original spouse Beneficiary where the

Participant dies before his or her required beginning date. In this case, the original spouse Beneficiary is treated as the Participant. The Participant's Beneficiary may change Beneficiary or Beneficiaries at any time by filing a new beneficiary designation with the Custodian. If the balance of the account has not been completely distributed to the original Beneficiary and such Beneficiary has not named a subsequent Beneficiary or none of the named subsequent Beneficiaries is living on the date of the original Beneficiary's death, or if the Custodian cannot locate any of the subsequent Beneficiaries after reasonable search, any balance in the Custodial Account will be payable to the estate of the original Beneficiary.

(c) If the Participant is a minor, the Beneficiary of the minor's IRA must be the minor's estate.

- 8.14 **Identity of Beneficiary in Dispute:** If two or more persons make a bona fide claim to the same Custodial Account, then the Custodian shall not make any distribution until the dispute is resolved. In the interim, the Custodian shall only follow directions, including investment directions, given by a person appointed by court order or applicable law, or given by the unanimous directions of all persons claiming an interest in the Custodial Account. The Custodian shall not be liable or responsible for any error in payment resulting from any misstatement of fact made by the Participant or the provision of inaccurate, incomplete or outdated information, which is used by the Custodian in determining the identity of one or more primary, contingent or automatic Beneficiaries. The Participant (or the Participant's estate) shall indemnify and hold the Custodian harmless for following the terms of any beneficiary designation, interpreting any such designation, following the written instructions given by a person appointed by court order or applicable law regarding the interpretation of such designation, or ascertaining the identity of any primary, contingent or automatic Beneficiary.
- 8.15 **Rules of Interpretation:** The following rules will govern the interpretation of beneficiary designations:
- (a) **Primary Beneficiaries:** Unless the Participant otherwise specifies, the Custodial Account will be paid in equal shares to the primary Beneficiary or Beneficiaries who survive the Participant. If the Participant specifies percentage (or fractional) shares for the primary Beneficiaries and if some but not all such Beneficiaries survive the Participant, the Custodial Account will be divided among the surviving primary Beneficiaries in proportion to the relative percentage (or fractional) shares of each provided, however, that in lieu of such division, the Participant may elect, on the applicable beneficiary designation form, to have the Custodial Account divided per stirpes among the primary Beneficiaries and their respective issue.
 - (b) **Contingent Beneficiaries:** If no primary Beneficiary survives the Participant, the Custodial Account will be paid in equal shares (unless otherwise specified in the beneficiary designation) to the Contingent Beneficiary or Beneficiaries who survive the Participant, following the rule in paragraph (a) above.
 - (c) **Designation by Relationship Only:** Any designation of a Beneficiary only by statement of relationship to the Participant will be effective only to designate the person or persons standing in such relationship at the Participant's death.
 - (d) **Death Before Full Distribution:** If a Beneficiary is eligible to receive distributions but dies before the receipt of all amounts due such Beneficiary, the remaining amounts will be payable, in the manner described in paragraphs (a) and (b) above, to subsequent Beneficiaries designated by such Beneficiary on a form acceptable to the Custodian, or to the Beneficiary's estate if no such designation has been made. The required minimum distributions for such remaining amounts shall be determined using the payment period established for the Beneficiary first succeeding the Participant.
- 8.16 **Spousal Consent:** If the Custodial Account contains any community property, the Depositor represents and warrants that the Depositor's spouse has consented to any beneficiary designation the Depositor provides to the Custodian, where such consent is required under applicable community property laws. A Depositor may use the beneficiary designation form offered by the Custodian to capture the consent of the Depositor's spouse, but the Custodian does not require it and the Custodian does not represent or warrant that using such form for such purpose meets the requirements of any law requiring such consent. The Depositor should direct any questions the Depositor has in connection with the impact of community property laws on beneficiary designations to the Depositor's attorney or tax advisor.
- 8.17 **Separate Accounts for Beneficiary:** Upon receipt of appropriate proof of the Participant's death, and when the identity of all Beneficiaries has been determined, the Custodian will establish a separate Custodial Account for each Beneficiary's share of the deceased Participant's Custodial Account. Each Beneficiary will be bound by the provisions of this Custodial Agreement. No additional contribution (other than rollovers from like-kind accounts) will be permitted to the Custodial Account unless the Beneficiary is the surviving spouse. If

the Beneficiary is a minor, the Custodian will require a parent or legal guardian of the minor to sign the Addendum to the IRA Agreement (Minor IRA). Each Beneficiary of legal age may name subsequent Beneficiaries for his or her separate Custodial Account. If there are multiple beneficiaries, Custodian may liquidate securities in the deceased Participant's Custodial Account as Custodian deems advisable to facilitate transfer of such securities to the Custodial Accounts of the Beneficiaries.

8.18 Death Benefit Default Provisions:

- (a) If the Participant dies before his or her required beginning date and the beneficiary does not select a method of distribution described in Article IV, Section 4.03(b)(i) or (ii) by the December 31st following the year of the Participant's death, then distributions will be made pursuant to the single life expectancy of the Designated Beneficiary determined in accordance with IRS regulations. However, no payment will be made until the beneficiary provides the Custodian with a proper distribution request acceptable to the Custodian and other documentation that may be required by the Custodian. A beneficiary may at any time request a complete distribution of his or her remaining interest in the Custodial Account. The Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the account. The Beneficiary is solely responsible for compliance with the minimum required distribution rules under section 401(a)(9) of the Code.
- (b) If the Participant dies on or after his or her required beginning date, distribution shall be made in accordance with Article IV, Section 4.03(a). However, no payment will be made until the beneficiary provides the Custodian with a proper distribution request acceptable to the Custodian and other documentation that may be required by the Custodian. A beneficiary may at any time request a complete distribution of his or her remaining interest in the Custodial Account. The Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the account. The Beneficiary is solely responsible for compliance with the minimum required distribution rules under section 401(a)(9) of the Code.

8.19 Investment of Uninvested Cash Balances: The following terms, conditions and disclosures apply to investments of uninvested cash balances directed by the Participant and made by the Custodian on behalf of the Participant: The Depositor directs the Custodian to automatically invest all uninvested cash balances in the Custodial Account in accordance with the terms and conditions set forth in the Client Account Agreement, and Advisory Master Services Agreement Terms & Conditions, if applicable.

8.20 Attorneys-in-Fact: The Custodian is authorized to recognize the authority of an attorney-in fact appointed by the Participant only if:

- (a) The Custodian believes that the power of attorney is valid under applicable law.
- (b) An original or certified copy of the power of attorney is presented to the Custodian.
- (c) The power of attorney expressly authorizes the specific action the attorney-in-fact wishes to take.
- (d) The attorney-in-fact is authorized under the power of attorney to take the action. The Participant does not authorize the Custodian to recognize the authority of an attorney-in-fact under general language authorizing the attorney-in-fact to "do all things the Participant could do" or words of similar import.

8.21 Authenticity of Instruments: The Custodian shall be fully protected in acting upon any instrument, certificate, or paper believed by it to be genuine and to be signed or presented by the proper person or persons, and the Custodian shall be under no duty to make any investigation or inquiry as to any statement contained in any such writing but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained.

8.22 Spendthrift Provision: No Participant or Beneficiary shall have any transmissible interest in any Custodial Account nor shall any Participant or Beneficiary have any power to anticipate, alienate, dispose of, pledge or encumber the same while in the possession or control of the Custodian, nor shall the Custodian recognize any assignment of the Custodial Account, either in whole or in part, nor shall any Custodial Account be subject to attachment, garnishment, execution following judgment or other legal process while in the possession or control of the Custodian, provided that the Custodian shall comply with the specific and explicit order of any court of competent jurisdiction.

8.23 Custody: All contributions so received together with the income therefrom and any other increment thereon shall be held, managed and administered by RBC Capital Markets, LLC as Custodian pursuant to the terms of this Custodial Agreement without distinction between principal and income and without liability for the payment of interest thereon. The Custodian shall not be responsible for the computation and collection of any contributions under this Custodial Agreement and shall be under no duty to determine whether the amount of

any contribution is in accordance with this Custodial Agreement. The Custodian may leave any securities or cash for safekeeping or on deposit with or without interest, with such banks, brokers and other custodians as the Custodian may select, and hold any securities in bearer form or in the name of the banks, brokers and other custodians or in the name of the Custodian without qualification or description or in the name of any nominee.

8.24 **Worthless Securities:** The Custodian may, but is under no obligation to, remove from any Custodial Accounts any securities that have no known transfer agent or administrator or otherwise where information available to the Custodian indicates that the security has no value. Such removal will not be reported as a distribution or sale and will not change the registered or beneficial ownership of such securities in physical form or on the books of any issuer. The Participant may request from the Custodian a letter stating that there is no known current market for the removed security; however, the letter should not be considered to be conclusive evidence of a security's worthlessness.

8.25 **This agreement contains a predispute arbitration clause. By signing an arbitration agreement the parties agree as follows:**

- (a) All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- (b) Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- (c) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- (d) The arbitrators do not have to explain the reason(s) for their award.
- (e) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- (f) The rules of some arbitration forums may impose time limits for bringing a claim in arbitration in some cases, a claim that is ineligible for arbitration may be brought in court.

The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

The Participant agrees that any controversy arising out of or relating directly or indirectly to this Custodial Agreement, or any investment by the Participant hereunder, or with respect to transactions of any kind executed by or with RBC Capital Markets, LLC, its officers, directors, agents, employees or affiliate, or with respect to this Custodial Agreement or any other agreements entered into with RBC Capital Markets, LLC relating to the accounts with RBC Capital Markets, LLC or the breach thereof, shall be settled by arbitration pursuant to the Federal Arbitration Act and in accordance with the rules, then in effect, of the Financial Industry Regulatory Authority. Notice preliminary to, in conjunction with or incident to arbitration, may be sent to the Participant by mail and personal service is hereby waived. Judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

No person shall bring a punitive or certified class action to arbitration, nor seek to enforce any predispute arbitration against any person who has initiated in court a punitive class action; or who is a member of a punitive class who has not opted out of the class with respect to any claims encompassed by the punitive class action until:

- (i) The request for class certification is denied;
- (ii) the class is decertified; or
- (iii) the customer is excluded from the class by the court.

Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Custodial Agreement except to the extent stated herein.

ARTICLE IX

SELF-DIRECTED SIMPLE IRA PROVISIONS

9.01 **Investment of Contributions:** At the direction of the Participant, the Custodian shall invest all contributions to the account and earnings thereon in investments acceptable to the Custodian, which may include marketable securities traded on a recognized exchange or "over the counter" (excluding any securities issued by the

Custodian), covered call options, certificates of deposit, and other investments to which the Custodian consents, in such amounts as are specifically selected and specified by Participant in orders to the Custodian in such form as may be acceptable to the Custodian, without any duty to diversify and without regard to whether such property is authorized by the laws of any jurisdiction as a custodial investment. The Custodian shall be responsible for the execution of such orders and for maintaining adequate records thereof. However, if any such orders are not received as required, or, if received, are unclear in the opinion of the Custodian, all or a portion of the contribution may be held uninvested without liability for loss of income or appreciation, and without liability for interest pending receipt of such orders or clarification, or the contribution may be returned. The Custodian may, but need not, establish programs under which cash deposits in excess of a minimum set by it will be periodically and automatically invested in interest-bearing investment funds. The Custodian shall have no duty other than to follow the written investment directions of the Participant, and shall be under no duty to question said instructions and shall not be liable for any investment losses sustained by the Participant.

- 9.02 **Registration:** All assets of the account shall be registered in the name of the Custodian or of a suitable nominee. The same nominee may be used with respect to assets of other investors whether or not held under agreements similar to this one or in any capacity whatsoever. However, each Participant's account shall be separate and distinct; a separate account therefore shall be maintained by the Custodian, and the assets thereof shall be held by the Custodian in individual or bulk segregation either in the Custodian's vaults or in depositories approved by the Securities and Exchange Commission under the Securities Exchange Act of 1934.
- 9.03 **Investment Advisor:** The Participant may appoint an Investment Advisor, qualified under Section 3(38) of the Employee Retirement Income Security Act of 1974, to direct the investment of his SIMPLE IRA. The Participant shall notify the Custodian in writing of any such appointment by providing the Custodian a copy of the instruments appointing the Investment Advisor and evidencing the Investment Advisor's acceptance of such appointment, an acknowledgement by the Investment Advisor that it is a fiduciary of the account, and a certificate evidencing the Investment Advisor's current registration under the Investment Advisor's Act of 1940. The Custodian shall comply with any investment directions furnished to it by the Investment Advisor, unless and until it receives written notification from the Participant that the Investment Advisor's appointment has been terminated. The Custodian shall have no duty other than to follow the written investment directions of such Investment Advisor and shall be under no duty to question said instructions, and the Custodian shall not be liable for any investment losses sustained by the Participant.
- 9.04 **No Investment Advice:** The Custodian does not assume any responsibility for rendering advice with respect to the investment and reinvestment of Participant's account and shall not be liable for any loss which results from Participant's exercise of control over his account. The Custodian and Participant may specifically agree in writing that the Custodian shall render such advice, but the Participant shall still have and exercise exclusive responsibility for control over the investment of the assets of his account, and the Custodian shall not have any duty to question his investment directives.
- 9.05 **Prohibited Transactions:** Notwithstanding anything contained herein to the contrary, the Custodian shall not lend any part of the corpus or income of the account to; pay any compensation for personal services rendered to the account to; make any part of its services available on a preferential basis to; acquire for the account any property, other than cash, from; or sell any property to, any Participant, any member of a Participant's family, or a corporation controlled by any Participant through the ownership, directly or indirectly, of 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or of 50 percent or more of the total value of shares of all classes of stock of such corporation.
- 9.06 **Unrelated Business Income Tax:** If the Participant directs investment of the account in any investment which results in unrelated business taxable income, it shall be the responsibility of the Participant to so advise the Custodian and to provide the Custodian with all information necessary to prepare and file any required returns or reports for the account. As the Custodian may deem necessary, and at the Participant's expense, the Custodian may request a taxpayer identification number for the account, file any returns, reports, and applications for extension, and pay any taxes or estimated taxes owed with respect to the account. The Custodian may retain suitable accountants, attorneys, or other agents to assist it in performing such responsibilities.
- 9.07 **Disclosures and Voting:** The Custodian shall deliver, or cause to be executed and delivered, to Participant all notices, prospectuses, financial statements, proxies and proxy soliciting materials relating to assets credited to the account. The Custodian shall not vote any shares of stock or take any other action, pursuant to such documents, with respect to such assets except upon receipt by the Custodian of adequate written instructions from Participant.

- 9.08 **Miscellaneous Expenses:** In addition to those expenses set out in section 8.06 of this plan, the Participant agrees to pay any and all expenses incurred by the Custodian in connection with the investment of the account, including expenses of preparation and filing any returns and reports with regard to unrelated business income, including taxes and estimated taxes, as well as any transfer taxes incurred in connection with the investment or reinvestment of the assets of the account.
- 9.09 **Nonbank Custodian Provision:** If the Custodian is a nonbank custodian, the Participant shall substitute another trustee or custodian in place of the Custodian upon receipt of notice from the Commissioner of the Internal Revenue Service or his delegate that such substitution is required because the Custodian has failed to comply with the requirements of Income Tax Regulations Section 1.408-2(e), or is not keeping such records, making such returns, or rendering such statements as are required by applicable law, regulations, or other rulings. The successor trustee or custodian shall be a bank, insured credit union, or other person satisfactory to the Secretary of the Treasury pursuant to Section 408(a)(2) of the Code. Upon receipt by the Custodian of written acceptance by its successor of such successor's appointment, Custodian shall transfer and pay over to such successor the assets of the account (less amounts retained pursuant to Section 8.05 of the Custodial Agreement) and all records (or copies thereof) of the Custodian pertaining thereto, provided that the successor trustee or custodian agrees not to dispose of any such records without the Custodian's consent.

GENERAL INSTRUCTIONS

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

Purpose of Form

This form is a model custodial account agreement that meets the requirements of sections 408(a) and 408(p) and has been pre-approved by the IRS. A SIMPLE individual retirement account (SIMPLE IRA) is established after the form is fully executed by both the individual (Participant) and the Custodian. This account must be created in the United States for the exclusive benefit of the Participant and his or her Beneficiaries. Do not file Form 5305-SA with the IRS. Instead, keep it with your records.

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

DEFINITIONS

Participant/Depositor — The Participant/Depositor is the person who establishes the Custodial Account.

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

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

Specific Instructions — Article IV. – Distributions made under this article may be made in a single sum, periodic payment, or a combination of both. The distribution option should be reviewed in the year the Participant reaches age 73 to ensure that the requirements of section 408(a)(6) have been met.

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

FINANCIAL DISCLOSURE

In General

IRS regulations require the Custodian to provide you with a financial projected growth of your SIMPLE IRA account based upon certain assumptions.

Growth in the Value of Your SIMPLE IRA

Growth in the value of your SIMPLE IRA is neither guaranteed nor projected. The value of your SIMPLE IRA will be computed by totaling the fair market value of the assets credited to your account. At least once a year the Custodian

will send you a written report stating the current value of your SIMPLE IRA assets. The Custodian shall disclose separately a description of:

- (a) The type and amount of each charge;
- (b) the method of computing and allocating earnings, and
- (c) any portion of the contribution, if any, which may be used for the purchase of life insurance.

Custodian Fees

The Custodian may charge reasonable fees or compensation for its services and it may deduct all reasonable expenses incurred by it in the administration of your SIMPLE IRA, including any legal, accounting, distribution, transfer, termination or other designated fees. Any charges made by the Custodian will be separately disclosed on an attachment hereto. Such fees may be charged to you or directly to your custodial account. In addition, depending on your choice of investment vehicles, you may incur brokerage commissions attributable to the purchase or sale of assets.

SIMPLE IRA Disclosure Statement

RIGHT TO REVOKE YOUR SIMPLE IRA ACCOUNT: You may revoke your SIMPLE IRA within 7 days after you sign the SIMPLE IRA Adoption Agreement by hand-delivering or mailing a written notice to the name and address indicated below. If you revoke your account by mailing a written notice, such notice must be postmarked by the 7th day after you sign the Adoption Agreement. If you revoke your SIMPLE IRA within the 7-day period you will receive a refund of the entire amount of your contributions to the SIMPLE IRA without any adjustment for earnings or any administrative expenses. If you exercise this revocation, we are still required to report certain information to the IRS.

If you wish to revoke this IRA, your written notice should be mailed or delivered to: RBC Wealth Management, Retirement Plan Operations, 250 Nicollet Mall, Suite 1400, Minneapolis, MN 55401.

GENERAL REQUIREMENTS OF A SIMPLE IRA:

1. All SIMPLE contributions must be made in cash, unless you are making a rollover contribution or transfer, and the Custodian accepts such non-cash assets.
2. Prior to December 19, 2015, the only types of contributions permitted to be made to this SIMPLE IRA are salary reduction contributions and employer contributions under the employer's SIMPLE Retirement Plan. Beginning December 19, 2015, if your Employer's Plan permits, your SIMPLE IRA will accept rollover contributions from a qualified plan, a qualified annuity, a 403(b) plan, a 457(b) plans or from a traditional IRA, but only after you have maintained the SIMPLE IRA for 2 years, measured from the first contribution made to your SIMPLE IRA.
3. The Custodian of your SIMPLE IRA must be a bank, savings and loan association, credit union or a person who is approved to act in such a capacity by the Secretary of the Treasury.
4. No portion of your SIMPLE IRA funds may be invested in life insurance contracts.
5. Your interest in your SIMPLE IRA must be fully vested and is nonforfeitable at all times.
6. The assets in your SIMPLE IRA may not be commingled with other property except in a common trust fund or common investment fund.
7. You may not invest the assets of your SIMPLE IRA in collectibles (as described in Section 408(m) of the Internal Revenue Code.) A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or any other tangible personal property specified by the IRS. However, if the Custodian permits, specially minted US Gold and Silver bullion coins and certain state-issued coins are permissible SIMPLE IRA investments.
8. Your interest in your SIMPLE IRA must begin to be distributed to you by the April 1st following the calendar year you attain the age of 73. The methods of distribution, election deadlines, and other limitations are described in detail below.
9. For purposes of the SIMPLE Plan rules, in the case of an individual who is not a self-employed individual, compensation means the amount described in section 6051(a)(3) which includes wages, tips and other compensation from the employer subject to income tax withholding under section 3401(a), and amounts described in section 6051(a)(8), including elective contributions made under a SIMPLE plan, and compensation

deferred under a section 457 plan. In the case of a self-employed individual, compensation means net earnings from self-employment determined under section 1402(a), prior to subtracting any contributions made under the SIMPLE plan on behalf of the individual.

10. Contributions to a SIMPLE IRA are excludible from federal income tax and not subject to federal income tax withholding when made to the SIMPLE IRA. Salary reduction contributions are subject to FICA, FUTA or RRTA tax when made and must be reported on the employee's Form W-2 wage statement. Matching and non-elective employer contributions made to a SIMPLE IRA are not subject to FICA, FUTA or RRTA and are not required to be reported on Form W-2.
11. A SIMPLE IRA must be established by or on behalf of an employee prior to the first date by which a contribution is required to be deposited into the SIMPLE IRA.

ELIGIBLE EMPLOYEES: Under a SIMPLE Retirement Plan established by an Eligible Employer, all employees of the employer who received at least \$5,000 in compensation from the employer during any 2 preceding calendar years, whether or not consecutive, and who are reasonably expected to receive at least \$5,000 in compensation during the calendar year, must be eligible to participate in the SIMPLE Plan for the calendar year. An employer may impose less restrictive eligibility requirements, such as eliminating or reducing the prior year compensation requirements, the current year compensation requirement, or both, under its SIMPLE Plan.

An employer, at its option, may exclude from eligibility employees who are included in a unit of employees covered by an agreement that the Secretary of Labor finds to be a collective bargaining agreement between employee representatives and one or more employers, if there is evidence that retirement benefits were the subject of good faith bargaining between such employee representatives and such employer or employers; in the case of a trust established or maintained pursuant to an agreement that the Secretary of Labor finds to be a collective bargaining agreement between air pilots represented in accordance with Title II of the Railway Labor Act and one or more employees, all employees not covered by that agreement; and employees who are nonresident aliens and who received no earned income from the employer that constitutes income from sources within the United States.

PARTICIPATION IN ANOTHER PLAN: An eligible employee may participate in an employer's SIMPLE Plan, even if he or she also participates in a plan of a different employer for the same year. However, the employee's salary reduction contributions are subject to the limitation of section 402(g), which provides an aggregate limit on the exclusion for elective deferrals for any individual. The employee is responsible for monitoring compliance with these limitations.

ELIGIBLE EMPLOYERS: SIMPLE plans may be established by employers (including tax-exempt employers and governmental entities) that had no more than 100 employees who earned \$5,000 or more in compensation during the preceding calendar year. For purposes of the 100-employee limitation, all employees employed at any time during the calendar year are taken into account, regardless of whether they are eligible to participate in the SIMPLE plan. This means that otherwise excludible employees (i.e. certain union employees, nonresident aliens with no U.S. source income, and those employees who have not met the plan's minimum eligibility requirements) must be taken into account.

SIMPLE PLAN CONTRIBUTIONS:

Elective Deferrals (Salary Reduction Contributions) — A salary reduction contribution is a contribution made pursuant to an employee's election to have an amount contributed to his or her SIMPLE IRA, rather than have the amount paid directly to the employee in cash. An eligible employee must be permitted to elect to have salary reduction contributions made at the level specified by the employee, expressed as a percentage of compensation for the year or as a specific dollar amount. The maximum salary reduction contribution per calendar year may not exceed "the applicable annual dollar limitation" described below. Salary reduction contributions may not begin until the eligible employee completes a form provided by the employer designed to permit the employee to elect the salary reduction percentage or specific dollar amount. An employer may not place any restrictions on the amount of an employee's salary reduction contributions (e.g. by limiting the contribution percentage), except to the extent needed to comply with the annual limit.

Applicable Annual Dollar Limitation

Tax Year	Contribution Limit
2019	\$13,000
2020–2021	\$13,500
2022	\$14,000
2023	\$15,000
2024	\$16,000
2025	\$16,500

The annual limit will be subject to cost-of-living increases in increments of \$500, rounded to the lower increment.

Catch-up Contributions — If an individual has attained the age of 50 before the close of the taxable year for which an annual contribution is being made and meets the other eligibility requirements for making salary reduction SIMPLE IRA contributions, the annual SIMPLE IRA deferral limit for that individual would be increased as follows:

Tax Year	Normal Limit	Additional Catch-up	Total Contribution
2019	\$13,000	\$3,000	\$16,000
2020–2021	\$13,500	\$3,000	\$16,500
2022	\$14,000	\$3,000	\$17,000
2023	\$15,500	\$3,500	\$19,000
2024	\$16,000	\$3,500	\$19,500
2025	\$16,500	\$3,500	\$20,000

The additional catch-up amount for SIMPLE IRAs is subject to cost-of-living increases in increments of \$500, rounded to the lower increment.

INCREASE TO ELECTIVE DEFERRAL CONTRIBUTIONS AND CATCH-UP CONTRIBUTIONS

Employers with no more than 25 participants: The annual elective deferral limit and the age 50 catch-up elective deferral contribution are increased by 10%, compared to the applicable limits for the first year this change is effective. This increase is automatic for employers with less than 26 employees.

Employers with 26 to 100 employees: The annual elective deferral limit and the age 50 catch-up elective deferral contribution is increased by 10%. If hereby elected by the employer, the employer contribution must increase to one of the following:

- 4% match; OR
- 3% non-elective

Catch-up Contribution for participants age 60–63: Individuals who have attained age 60, 61, 62 and 63 may make a catch-up elective deferral that is the greater of \$5,000 or 50% more than the regular catch-up amount.

Employer Contributions — Two Options

1. **Matching Contributions:** Under a SIMPLE plan, an employer is generally required to make a contribution on behalf of each eligible employee in an amount equal to the employee's salary reduction contributions, up to a limit of 3% of the employee's compensation for the entire calendar year.

The 3% limit on matching contributions is permitted to be reduced for a calendar year at the election of the employer, but only if: the limit is not reduced below 1%; the limit is not reduced for more than 2 years out of the 5-year period that ends with and includes the year for which the election is effective; and employees are notified of the reduced limit within a reasonable period of time before the 60-day election period during which employees can enter into salary reduction agreements as described below.

In determining whether the limit was reduced below 3% for a year, any year before the first year in which an employer (or a predecessor employer) maintains a SIMPLE plan will be treated as a year for which the limit was 3%. If an employer chooses to make non-elective contributions for a year in lieu of matching contributions, that year also will be treated as a year for which the limit was 3%.

2. **Non-elective Contributions:** Under a SIMPLE plan, an employer may make nonelective contributions in lieu of matching contributions. These non-elective contributions must be equal to 2% of each eligible employee's compensation for the entire calendar year, regardless of whether the employee elects to make salary reduction contributions for the calendar year. The employer may, but is not required to, limit non-elective contributions to eligible employees who have at least \$5,000 (or some lower amount selected by the employer) of compensation

for the year. For purposes of this 2% non-elective contribution only, the compensation taken into account must be limited to the amount of compensation under section 401(a)(17) for the year. The following compensation limit is subject to cost-of-living increases in increments of \$5,000, rounded to the lower increment.

Non-elective Contributions
\$280,000 for 2019
\$285,000 for 2020
\$290,000 for 2021
\$305,000 for 2022
\$330,000 for 2023
\$345,000 for 2024
\$350,000 for 2025

An employer may substitute the 2% non-elective contribution for the matching contribution for a year only if eligible employees are notified within a reasonable period of time before the 60-day election period during which employees can enter into salary reduction agreements that a 2% non-elective contribution will be made instead of a matching contribution.

Additional Non-elective Contributions

The employer may elect to make additional contributions to each employee of the plan in a uniform manner, provided that the contribution does not exceed the lesser of 10% of an employee's compensation or \$5,000 (indexed). Compensation is capped at the 401(a)(17) amount for the year (\$350,000 for 2025).

EMPLOYEE ELECTIONS: During the 60-day period immediately preceding January 1st of a calendar (i.e. November 2nd to December 31st of the preceding calendar year), an eligible employee must be given the right to enter into a salary reduction agreement for the calendar year, or to modify a prior agreement (including reducing the amount subject to this agreement to \$0). However, for the year in which the employee becomes eligible to make salary reduction contributions, the period during which the employee may enter into a salary reduction agreement or modify a prior agreement is a 60-day period that includes either the date the employee becomes eligible or the day before that date. For example, if an employer establishes a SIMPLE plan effective as of July 1, 2014, each eligible employee becomes eligible to make salary reduction contributions on that date and the 60-day period must begin no later than July 1st and cannot end before June 30, 2014.

During these 60-day periods, employees have the right to modify their salary reduction agreements without restrictions. In addition, for the year in which an employee becomes eligible to make salary reduction contributions, the employee must be able to commence these contributions as soon as the employee becomes eligible, regardless of whether the 60-day period has ended. An employer may, but is not required to, provide additional opportunities or longer periods for permitting eligible employees to enter into salary reduction agreements or to modify prior agreements.

An employee must be given the right to terminate a salary reduction agreement for a calendar year at any time during the year even if this is outside a SIMPLE plan's normal election period. The employer's SIMPLE plan may, however, provide that an employee who terminates a salary reduction agreement at any time other than the normal election period is not eligible to resume participation until the beginning of the next calendar year.

EMPLOYER ADMINISTRATIVE AND NOTIFICATION REQUIREMENTS: An employer must notify each employee, immediately before the employee's 60-day election period, of the employee's opportunity to enter into a salary reduction agreement or to modify a prior agreement. If applicable, this notification must disclose an employee's ability to select the financial institution that will serve as the trustee or custodian of the employee's SIMPLE IRA. Such notification must also include the Summary Description required under section 408(l)(2)(B). Such notification must also include whether the employer will be making either matching contributions (including the employer's election to reduce the matching contribution below 3%) or non-elective contributions as previously described.

If an eligible employee who is entitled to a contribution under the employer's SIMPLE plan is unwilling or unable to establish a SIMPLE IRA with any financial institution prior to the date on which the contribution is required to be made to the SIMPLE IRA of the employee, the employer may execute the necessary SIMPLE IRA documents on the employee's behalf with a financial institution selected by the employer.

The employer must deliver the salary reduction contributions to the financial institution maintaining the SIMPLE IRA as of the earliest date on which the contributions can reasonably be segregated from the employer's general assets, but no later than the close of the 30-day period following the last day of the month in which such amounts

would otherwise have been payable to the employee in cash. In order to meet the earliest date standard, the DOL regulations provide for a 7-business day deadline for depositing the employee's salary deferral into their account.

Matching and non-elective employer contributions must be made to the financial institution maintaining the SIMPLE IRA no later than the due date for filing the employer's income tax return, including extensions, for the taxable year that includes the last day of the calendar year for which the contributions are made.

ROLLOVERS:

Rollover Contributions from Another SIMPLE IRA — A rollover contribution to this SIMPLE IRA is only permitted from another SIMPLE IRA. A rollover contribution from another SIMPLE IRA is any amount the participant receives from one SIMPLE IRA and redeposits some or all of it into this SIMPLE IRA no later than 60 days following the date of receipt. The participant is not required to roll over the entire amount received from the first SIMPLE IRA. However, any amount you do not roll over will be taxed at ordinary income tax rates for federal income tax purposes and may also be subject to an additional tax if the distribution is a premature distribution described below.

Rollover Distributions from a SIMPLE IRA — A distribution from any SIMPLE IRA may be rolled over only to another SIMPLE IRA during the 2-year period the participant first participated in the employer's SIMPLE plan. Thus, a distribution from a SIMPLE IRA during that 2-year period qualifies as a rollover contribution (and is not includible in gross income of the participant) only if the distribution is paid into another SIMPLE IRA and satisfies the other requirements that apply to all IRA rollovers under section 408(d)(3). After this 2-year period, a distribution from a SIMPLE IRA may be rolled over to any IRA or converted to a ROTH IRA, maintained by the individual or to an employer plan, including a qualified plan, a 403(b) or a governmental 457(b) that accepts these types of rollovers. This 2-year period begins on the first day on which contributions made by the individual's employer are deposited in the individual's SIMPLE IRA.

Rollover Contributions from Another Plan into this SIMPLE IRA — Beginning December 19, 2015, if your Employer's Plan permits, you are permitted to rollover from a qualified plan, a qualified annuity, a 403(b) Plan, a governmental 457(b) Plan and from a Traditional IRA. Your SIMPLE IRA may only accept these rollovers after your SIMPLE IRA has been in existence for 2 years measured from the date of the first contribution into your SIMPLE IRA account.

Special Rules that Apply to Rollovers —

- The rollover must be completed no later than the 60th day after the day the distribution was received by you.
- Beginning in 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. The limit will apply by aggregating all of an individual's IRAs, including SEP and SIMPLE IRAs as well as traditional and Roth IRAs, effectively treating them as one IRA for purposes of the limit. (See IRS Publication 590-A for more information).
- The same property you receive in a distribution must be the same property you roll over into the second IRA. For example, if you receive a distribution from an IRA of property, such as stocks, that same stock must be rolled over into the second IRA.
- You are required to make an irrevocable election indicating that this transaction will be treated as a rollover contribution.
- You are not required to receive a complete distribution from your IRA in order to make a rollover contribution into another IRA, nor are you required to roll over the entire amount you received from the first IRA.
- If you inherit an IRA due to the death of the participant, you may not roll this IRA into your own IRA unless you are the spouse of the decedent.
- If you are age 73 or older and wish to roll over to another IRA, you must first satisfy the minimum distribution requirement for that year and then the rollover of the remaining amount may be made.

EXCESS DEFERRALS: Excess elective deferrals (amounts in excess of the "applicable" SIMPLE elective deferral limit for the year) are includible in your gross income in the calendar year of deferral. Income on the excess elective deferrals is includible in your income in the year of withdrawal from the SIMPLE IRA. You should withdraw excess elective deferrals and any allocable income, from your SIMPLE IRA by April 15th following the year to which the deferrals relate. These amounts may not be transferred or rolled over tax-free to another SIMPLE IRA. If you fail to withdraw excess elective deferrals, and any allocable income, by the following April 15th, the excess elective deferrals will be subject to the IRA contribution limitations of sections 219 and 408 of the Code and thus may be considered an excess contribution to your IRA. Such excess deferrals may be subject to a 6% excise tax for each year they remain in your SIMPLE-IRA. Income on excess elective deferrals is includible in your gross income in the year you withdraw it from your IRA and must be withdrawn by April 15th following the calendar year to which the deferrals relate. Income withdrawn from the SIMPLE IRA after that date may be subject to a 10% tax (or 25% if

withdrawn within the first 2 years of participation) on early distributions. The rules for determining and allocating income attributable to excess elective deferrals and other excess SIMPLE contributions are the same as those governing regular IRA excess contributions. The trustee or custodian of your SIMPLE IRA will inform you of the income allocable to such excess amounts.

DISTRIBUTIONS: In general, all distributions from a SIMPLE IRA are subject to federal income tax by the payee or distributee, whichever the case may be. When you start withdrawing from your SIMPLE IRA, you may take the distributions in regular payments, random withdrawals or in a single sum payment. Generally, all amounts distributed to you from your SIMPLE IRA are included in your gross income in the taxable year in which they are received. However, if you have made nondeductible contributions to any regular IRA as permitted under section 408(o) of the Code, the nontaxable portion of the distribution, if any, will be a percentage based upon the ratio of your unrecovered nondeductible contributions to the aggregate of all IRA balances, including SEP, SIMPLE and rollover contributions, as of the end of the year in which you take the distribution, plus distributions from the account during the year. All taxable distributions from your SIMPLE IRA are taxed at ordinary income tax rates for federal income tax purposes and are not eligible for either capital gains treatment or 10 year averaging. An employer may not require an employee to retain any portion of the contribution in the SIMPLE IRA or otherwise impose any withdrawal restrictions. The required minimum distribution for the second distribution calendar year and for each subsequent distribution calendar year must be made by December 31st of each such year.

Qualified Charitable Distributions (QCDs) — If an IRA owner is exactly age 70½ or over, the IRA owner may direct the IRA trustee or custodian to transfer up to \$108,000 in 2025 from the IRA to a qualified charity. Such transfer will not be subject to Federal income taxes. Qualified Charitable Distributions may also be made by a beneficiary who is exactly age 70½ or over. Qualified Charitable Distributions are not subject to Federal income tax withholding. On-going (those that are still receiving contributions) SEP IRAs or SIMPLE IRAs are not permitted to be distribute QCDs.

Special Rollover Rules for Qualified Disaster Distributions — Qualified Disaster Distributions (QDDs) are eligible to be rolled over to an IRA (or other eligible retirement plan) within a 3-year period after the eligible individual received such distribution. The maximum amount of a QDD is \$100,000 per taxpayer; is not subject to the premature distribution penalty tax of 10% (or 25% in the case of a SIMPLE-IRA), and will be taxed pro rata over a 3 year period unless the taxpayer elects to pay all of the taxes in the year of the distribution. More information on Qualified Disaster Distributions and other tax relief provisions applicable to affected individuals as well as other disaster relief can be found in IRS Publication 976 and in the instructions for Form 8915A or 8915B, whichever is applicable. Taxpayers using these tax relief provisions must file Form 8915A or 8915B with his or her Federal income tax return.

Conversion from a SIMPLE IRA to a Roth IRA — You are permitted to make a qualified rollover contribution from a SIMPLE IRA to a Roth IRA. [Note: Prior to 2010 only taxpayers whose Modified AGI for the year during which the distribution was not in excess of \$100,000 and you were not a married person filing a separate tax return.] This is called a “conversion” and may be done (after the 2-year holding period) at any time without waiting the usual 12 months.

Recharacterizations — Beginning in 2018, for conversions made in 2018, you are no longer permitted to recharacterize a conversion made to a Roth IRA back to a traditional IRA.

Taxation in Completing a Conversion from a SIMPLE IRA to a Roth IRA — If you complete a conversion from a SIMPLE IRA to a Roth IRA, the conversion amount (to the extent taxable) is generally included in your gross income for the year during which the distribution is made from your SIMPLE IRA that is converted to a Roth IRA. However, the 10% (or 25%, if applicable) additional income tax for premature distributions does not apply.

Premature Distributions — In general, if you are under age 59½ and receive a distribution from your SIMPLE IRA account, a 10% additional income tax will apply to the taxable portion of the distribution, unless the distribution is received due to death; disability; a series of substantially equal periodic payments at least annually over your life expectancy or the joint life expectancy of you and your designated beneficiary; medical expenses that exceed 10% of your adjusted gross income; health insurance premiums paid by certain unemployed individuals; qualified acquisition costs of a first time home buyer; qualified higher education expenses; a qualifying rollover distribution; the timely withdrawal of an excess deferral plus income attributable; due to an IRS Levy; qualified hurricane distributions received prior to January 1, 2007; qualified disaster recovery distributions or qualified reservist distributions. If you request a distribution in the form of a series of substantially equal payments, and you modify the payments before 5 years have elapsed and before attaining age 59½, the 10% additional income tax will apply retroactively to the year payments began through the year of such modification. In addition, if you request a distribution from your SIMPLE IRA within your first 2 years of participation in the SIMPLE plan and none of the exceptions listed above applies to the distribution, the normal 10% additional income tax referred to earlier is increased to 25%.

Age 73 Required Minimum Distributions — You are required to begin receiving minimum distributions from your SIMPLE IRA by your required beginning date (the April 1st of the year following the year you attain age 73). The year you attain age 73 is referred to as your “first distribution calendar year”. The required minimum for your first distribution calendar year must be withdrawn no later than your required beginning date. The required minimum for your second distribution calendar year and for each subsequent distribution calendar year must be made by December 31st of each such year. Your minimum distribution for each year beginning with the calendar year you attain the age of 73 is generally based upon the value of your account at the end of the prior year divided by the factor for your age derived from the Uniform Lifetime Distribution Period Table regardless of who or what entity is your named beneficiary. This uniform table assumes you have a designated beneficiary exactly 10 years younger than you. However, if your spouse is your sole beneficiary and is more than 10 years younger than you, your required minimum distribution for each year is based upon the joint life expectancies of you and your spouse. The account balance that is used to determine each year’s required minimum amount is the fair market value of each IRA you own as of the prior December 31st, adjusted for outstanding rollovers (or transfers) as of such prior December 31st. However, no payment will be made from this SIMPLE IRA until you provide the Custodian with a proper distribution request acceptable by the Custodian. Upon receipt of such distribution request, you may switch to a joint life expectancy in determining the required minimum distribution if your spouse was your sole beneficiary as of the January 1st of the relevant distribution calendar year and such spouse is more than 10 years younger than you. The required minimum distribution for the second distribution calendar year and for each subsequent distribution calendar year must be made by December 31st of each such year.

In any distribution calendar year you may take more than the required minimum. However, if you take less than the required minimum with respect to any distribution calendar year, you are subject to a Federal excise tax penalty of 50% of the difference between the amount required to be distributed and the amount actually distributed. If you are subject to that tax, you are required to file IRS Form 5329.

Qualified Charitable Distributions (QCDs) — If an IRA owner is exactly age 70½ or over, the IRA owner may direct the IRA trustee or custodian to transfer up to \$108,000 in 2025 from the IRA to a qualified charity. Such transfer will not be subject to Federal income taxes. Qualified Charitable Distributions may also be made by a beneficiary who is exactly age 70½ or over. Qualified Charitable Distributions are not subject to Federal income tax withholding. On-going (those that are still receiving contributions) SEP IRAs or SIMPLE IRAs are not permitted to be distribute QCDs.

Reporting the Required Minimum Distribution — Beginning for minimum distributions that are required for calendar 2003, the Custodian must provide a statement to each SIMPLE IRA owner who is subject to required minimum distributions that contains either the amount of the minimum or an offer by the Custodian to perform the calculation if requested by the SIMPLE IRA owner. The statement must inform the SIMPLE IRA owner that required minimum distributions apply and the date by which such amount must be distributed. The statement must further inform the SIMPLE IRA owner that beginning in 2004, the Custodian must report to the IRS that the SIMPLE IRA owner is required to receive a minimum for the calendar year.

Death Distributions — If you die before your required beginning date and you have a designated beneficiary, the balance in your SIMPLE IRA will be distributed to your beneficiary over the beneficiary’s single life expectancy. These distributions must commence no later than December 31st of the calendar year following the calendar year of your death. However, if your spouse is your sole beneficiary, these distributions are not required to commence until the December 31st of the calendar year you would have attained the age of 73, if that date is later than the required commencement date in the previous sentence. If you die before your required beginning date and you do not have a designated beneficiary, the balance in your SIMPLE IRA must be distributed no later than the December 31st of the calendar year that contains the fifth anniversary of your death.

If you die on or after your required beginning date and you have a designated beneficiary, the balance in your SIMPLE IRA will be distributed to your beneficiary over the longer of the beneficiary’s single life expectancy or your remaining life expectancy. These distributions must commence no later than December 31st of the calendar year following the calendar year of your death. If you die on or after your required beginning date and you do not have a designated beneficiary, the balance in your SIMPLE IRA must be distributed over a period that does not exceed your remaining single life expectancy determined in the year of your death. However, the required minimum distribution for the calendar year that contains the date of your death is still required to be distributed. Such amount is determined as if you were still alive throughout that year.

If your spouse is your sole beneficiary, your spouse may elect to treat your SIMPLE IRA as his or her own SIMPLE IRA, whether you die before or after your required beginning date. If you die after your required beginning date and your spouse elects to treat your SIMPLE IRA as his or her own SIMPLE IRA, any required minimum that has not been distributed for the year of your death must still be distributed to your surviving spouse and then the remaining balance can be treated as your spouse’s own SIMPLE IRA

Prohibited Transactions — If you or your beneficiary engage in a prohibited transaction (as defined under Section 4975 of the Internal Revenue Code) with your SIMPLE IRA, it will lose its tax exemption and you must include the value of your account in your gross income for that taxable year. If you pledge any portion of your SIMPLE IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for that year.

Income Tax Withholding — All withdrawals from your SIMPLE IRA (except a direct transfer) are subject to federal income tax withholding. You may, however, elect not to have withholding apply to your SIMPLE IRA distribution in most cases. If withholding does apply to your distribution, it is at the rate of 10% of the amount of the distribution. In addition to Federal income tax withholding, distributions from IRAs may also be subject to state income tax withholding.

SIMPLE IRA distributions delivered outside the United States — In general, if you are a US citizen or resident alien and your home address is outside of the United States or its possessions, you cannot choose exemption from withholding on distributions from your traditional IRA.

To choose exemption from withholding, you must certify to the payer under penalties of perjury that you are not a U.S. citizen, a resident alien of the United States, or a tax-avoidance expatriate. Even if this election is made, the payer must withhold tax at the rates prescribed for nonresident aliens.

For more information on withholding on pensions and annuities, see “Pensions and Annuities” in Chapter 1 of Publication 505, Tax Withholding and Estimated Tax.

For more information on withholding on nonresident aliens and foreign entities, see Publication 515, Withholding of tax on Nonresident Aliens and Foreign Entities.

DESIGNATED FINANCIAL INSTITUTION “DFI” — In general, under section 408(p), an employer must permit an employee to select the financial institution for the SIMPLE IRA to which the employer will make all contributions on behalf of the employee. In this case, the financial institution is referred to as a “Non-DFI”. Alternatively, under section 408(p)(7), an employer may require that all SIMPLE contributions initially be made to a single designated financial institution selected by the employer. In this case, the financial institution is referred to as a “DFI”. Refer to your employer’s SIMPLE Retirement Plan document to determine if the financial institution is a DFI or a Non-DFI.

Use of a Designated Financial Institution “DFI” – If an employer requires that all SIMPLE contributions initially be made to a DFI, the following requirements must be met:

1. The employer and the financial institution must agree that the financial institution will be a DFI for the employer’s SIMPLE plan;
2. The DFI must agree that, if a participant elects before the expiration of the employee’s 60-day election period, the participant’s balance will be transferred without cost or penalty to another SIMPLE IRA (or after the 2-year period no longer applies, to any IRA) to a financial institution selected by the participant; and
3. Each participant is given written notification describing the procedures under which, if a participant so elects, the participant’s balance will be transferred without cost or penalty to another SIMPLE IRA (or after the 2-year period no longer applies, to any IRA) to a financial institution selected by the participant.

If the participant elects before the expiration of the 60-day election period to have the balance transferred without cost or penalty as described above, such election is valid only with respect to the balance attributable to SIMPLE contributions for the calendar year following that 60-day election period (or, for the year in which an employee becomes eligible to make salary reduction contributions for the remainder of that year) and subsequent calendar years if such election so provides.

If the participant timely elects the transfer of the balance without cost or penalty as described above, the participant’s balance must be transferred on a reasonably frequent basis, such as on a monthly basis. If a participant timely elects this transfer without cost or penalty, the Custodian reserves the right to restrict the investment to a specified investment option until transferred, even though a variety of investment options are available with respect to contributions that the participant has not elected to transfer.

A transfer is deemed to be made without cost or penalty if no liquidation, transaction, redemption or termination fee, or any commission, load (whether front-end or back-end) or surrender charge or similar fee or charge is imposed with respect to the balance being transferred that the participant has filed a timely election with the DFI. However, the DFI can charge a reasonable annual administrative fee to a SIMPLE IRA from which balances must be transferred in accordance with the participant’s timely transfer election.

In order to timely elect a transfer without cost or penalty, the participant must indicate such election on the SIMPLE IRA Adoption Agreement attached hereto and must be received by the DFI no later than the expiration of the 60-day

election period applicable to the employee. If the participant fails to timely elect such transfers without cost or penalty, the DFI reserves the right to charge any or all fees and expenses described in Section 8.06 of this SIMPLE IRA plan agreement.

Non Designated Financial Institution “Non-DFI” — If the employer’s SIMPLE plan permits the participants to select their own financial institution to serve as trustee or custodian of the SIMPLE IRA, the rules explained above do not apply and the Custodian may charge any and all fees described in Section 8.05 of the SIMPLE IRA plan agreement.

Transfers Defined — A direct transfer is a payment from this SIMPLE IRA directly to another trustee or custodian of a SIMPLE IRA (or, after the 2-year period no longer applies, to the trustee or custodian of any IRA). Transfers do not constitute a distribution since you are never in receipt of the funds. The monies are transferred directly to the new trustee or custodian. If you should transfer all or a portion of your SIMPLE IRA to your former spouse’s IRA under a divorce decree (or under a written instrument incident to divorce) or separation instrument, you will not be deemed to have made a taxable distribution, but merely a transfer. The portion so transferred will be treated at the time of the transfer as the IRA of your spouse or former spouse. If your spouse is the beneficiary of your SIMPLE IRA, in the event of your death, your spouse may “assume” your SIMPLE IRA. The assumed IRA is then treated as your surviving spouse’s IRA.

SUMMARY DESCRIPTION REQUIREMENTS: In general, the Custodian of any SIMPLE IRA must annually provide to the employer maintaining the SIMPLE plan a Summary Description early enough to allow the employer to meet its notification obligations. If the Custodian of this SIMPLE IRA is a DFI, the Summary Description will be provided directly to the employer by the Custodian in the underlying SIMPLE plan agreement. If the Custodian of this SIMPLE IRA is a Non-DFI, the Summary Description will be provided directly to the employee by the Custodian. The employee agrees to have the employer complete certain information contained on the Summary Description with respect to the employer’s SIMPLE plan provisions. A sample Summary Description for a Non-DFI is located on the following page. The Custodian of a “transfer SIMPLE IRA” is not required to provide this Summary Description. A SIMPLE IRA is a “transfer SIMPLE IRA” if it is not a SIMPLE IRA to which the employer has made contributions under the SIMPLE plan.

PROCEDURES FOR WITHDRAWALS: All distributions from this SIMPLE IRA must be requested in writing on a form provided to the participant by the Custodian. After the withdrawal form has been completed and executed by the recipient, the form must be either hand-delivered to the Custodian during normal business hours or mailed to the Custodian by first class mail, certified or registered mail prepaid through the U.S. Postal Service, or through any means of an expedited delivery service. After receipt of a properly executed withdrawal form, the Custodian will process the distribution as soon as administratively feasible.

FEDERAL ESTATE AND GIFT TAXES: Generally, there is no specific exclusion for SIMPLE IRAs under the estate tax rules. Therefore, in the event of your death, your SIMPLE IRA balance will be includible in your gross estate for federal estate tax purposes. However, if your surviving spouse is the beneficiary of your SIMPLE IRA, the amount in your SIMPLE IRA may qualify for the marital deduction available under Section 2056 of the Internal Revenue Code. A transfer of property for federal gift tax purposes does not include an amount which a beneficiary receives from a SIMPLE IRA plan.

PENALTIES: If you are under age 59½ and receive a premature distribution from your SIMPLE IRA, an additional 10% (or 25% for certain SIMPLE IRA distributions) income tax will apply on the taxable amount of the distribution. If you make an excess deferral to your SIMPLE IRA and it is not corrected on a timely basis, an excise tax of 6% is imposed on the excess amount. This tax will apply each year to any part or all of the excess which remains in your account. If you are age 73 or over or if you should die, and the appropriate required minimum distributions are not made from your SIMPLE IRA, an additional tax of 50% is imposed upon the difference between what should have been distributed and what was actually distributed.

IRS APPROVAL AS TO FORM: This SIMPLE IRA Custodial Agreement has been approved by the Internal Revenue Service as to form. This is not an endorsement of the plan in operation or of the investments offered.

ADDITIONAL INFORMATION: You may obtain further information on IRAs and SIMPLE IRAs from your District Office of the Internal Revenue Service. In particular you may wish to obtain IRS Publications 590-A and 590-B (Individual Retirement Arrangements).

PAGE INTENTIONALLY LEFT BLANK.

Summary Description for Non-Designated Financial Institution

Employer must complete the following:

ELIGIBILITY REQUIREMENTS

All Employees of the Employer shall be eligible to participate under the Plan except:

- a. Employees included in a unit of employees covered under a collective bargaining agreement.
- b. Non-resident alien employees who did not receive US source income.
- c. Employees who are not reasonably expected to earn \$_____ (not to exceed \$5,000) during the Plan Year for which the contribution is being made.
- d. There are no eligibility requirements. All Employees are eligible to participate upon the later of the plan's effective date or the employee's date of hire.

Each Eligible Employee will be eligible to become a Participant after having worked for the Employer during any_____prior year(s) (0, 1, or 2) and received at least \$_____ in compensation (not to exceed \$5,000), during each of such prior years.

WRITTEN ALLOCATION FORMULA

Standard contributions

The Employer has agreed to provide contributions for the_____ Plan Year as follows (complete only one choice):

- a). Matching Contribution - The amount of the Participant's Elective Deferral not in excess of 3% of such Participant's Compensation.
- b). Matching Contribution - The amount of the Participant's Elective Deferral not in excess of _____% (not less than 1% nor more than 3%) of each Participant's Compensation
- c). Nonelective Employer Contribution - 2% of each Participant's Compensation.

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

ADDITIONAL CONTRIBUTION OPTIONS

Catch-up Elective Deferrals for Participants Age 50 or Above: Catch-up elective deferral contributions shall not exceed \$3,500 for 2025 (subject to cost-of-living adjustments) and may only be made by eligible employees who have attained or who will attain the age of 50 on or before December 31st of that year.

Additional non-elective contributions: The employer hereby elects to make additional contributions to each employee of the plan in a uniform manner, provided that the contribution does not exceed the lesser of 10% of an employee's compensation or \$5,000 (indexed). Compensation is capped at the 401(a)(17) amount for the year (\$350,000 for 2025).

Catch-up Contribution for participants ages 60–63: Individuals who have attained age 60, 61, 62 and 63 may make a catch-up elective deferral that is the greater of \$5,000 or 50% more than the regular catch-amount.

Increase to elective deferral contributions and catch-up contributions:

- a). **Employers with no more than 25 participants:** The annual elective deferral limit and the age 50 catch-up elective deferral contribution are increased by 10%, compared to the applicable limits for the first year this change is effective. This increase is automatic for employers with less than 26 employees.
- b). **Employers with 26 to 100 employees:** The annual elective deferral limit and the age 50 catch-up elective deferral contribution is increased by 10%. If hereby elected by the employer, the employer contribution must increase to one of the following:
 - 4% match; OR
 - 3% non-elective

TIMING OF ELECTION

If a participant elects to stop deferring during a plan year, such participant:

- a). May not resume elective deferrals until January 1st of the next plan year; or
- b). May resume elective deferrals at the next change date permitted under Item 11 below.

An eligible employee will be permitted to make or modify their deferral election: _____
(insert date(s) which will apply to all eligible employees).

GENERAL DISCLOSURE INFORMATION

The following information explains what a Savings Incentive Match Plan for Employees (“SIMPLE”) is, how contributions are made, and how to treat these contributions for tax purposes. For more specific information, refer to the employer’s SIMPLE Retirement Plan document itself. For a calendar year, you may make or modify a salary reduction election during the 60-day period immediately preceding January 1st of that year. However, for the year in which you first become eligible to make salary reduction contributions, the period during which you may make or modify the election is a 60 day period that includes either the date you become eligible or the day before. If indicated in your employer’s SIMPLE plan, you may have additional opportunities during a calendar year to make or modify your salary reduction election.

I. SIMPLE Retirement Plan and SIMPLE IRA Defined

A SIMPLE Retirement Plan is a retirement income arrangement established by your employer. Under this SIMPLE Plan, you may choose to defer compensation to your own SIMPLE Individual Retirement Account or Annuity (“IRA”). You may base these “elective deferrals” on a salary reduction basis that, at your election, may be contributed to a SIMPLE IRA or received in cash. This type of plan is available only to an employer with 100 or fewer employees who earned at least \$5,000 during the prior calendar year. A SIMPLE IRA is a separate IRA plan that you establish with an eligible financial institution for the purpose of receiving contributions under this SIMPLE Retirement Plan. Your employer must provide you with a copy of the SIMPLE agreement containing eligibility requirements and a description of the basis upon which contributions may be made. All amounts contributed to your IRA belong to you, even after you quit working for your employer.

II. Elective Deferrals — Not Required

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

III. Elective Deferrals — Annual Limitation

The maximum amount that you may defer under this SIMPLE Plan for any calendar year is limited to the lesser of the percentage of your compensation that you select or the following dollar limit, subject to cost-of-living increases.

Applicable Annual Dollar Limitation

Tax Year	Contribution Limit
2019	\$13,000
2020–2021	\$13,500
2022	\$14,000
2023	\$15,500
2024	\$16,000
2025	\$16,500

If you work for other employers (unrelated to this Employer) who also maintain a salary deferral plan, there is an overall limit on the maximum amount that you may defer in each calendar year to all elective SEPs, cash or deferred arrangements under section 401(k) of the Code, other SIMPLE plans and 403(b) plans regardless of how many employers you may have worked for during the year. This limitation is referred to as the section 402(g) limit. The section 402(g) limit on elective deferrals is currently \$18,000 for 2017 and \$18,500 for 2018 and is indexed according to the cost of living. If you attain age 50 or over by the end of a calendar year, you can elect to have your compensation reduced by an additional “catch-up” amount of \$3,000 for 2019–2022 and \$3,500 for 2023–2025.

IV. Elective Deferrals — Tax Treatment

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

V. Elective Deferrals — Excess Amounts Contributed

When “excess elective deferrals” (i.e., amounts in excess of the SIMPLE elective deferral limit or the section 402(g) limit) are made, you are responsible for calculating whether you have exceeded these limits in the calendar year. For 2018, the section 402(g) limit for contributions made to all elective deferral plans is \$18,500. Excess elective deferrals are calculated on the basis of the calendar year.

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

Excess elective deferrals are includible in your gross income in the calendar year of deferral. Income on the excess elective deferrals is includible in your income in the year of withdrawal from the IRA. You should withdraw excess elective deferrals and any allocable income, from your SIMPLE IRA by April 15 following the year to which the deferrals relate. These amounts may not be transferred or rolled over tax-free to another SIMPLE IRA. Income on excess elective deferrals is includible in your gross income in the year you withdraw it from your IRA and must be withdrawn by April 15 following the calendar year to which the deferrals relate. Income withdrawn from the IRA after that date may be subject to a 10% tax (or 25% if withdrawn within the first 2 years of participation) on early distributions.

VII. Income Allocable To Excess Amounts

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

VIII. Availability of Regular IRA Contribution Deduction

In addition to any SIMPLE contribution, you may contribute to a separate IRA the lesser of 100% of compensation or the regular IRA contribution dollar limit to an IRA as a regular IRA contribution. However, the amount that you may deduct is subject to various limitations since you will be considered an “active participant” in an employer-sponsored plan. See Pub. 590, “Individual Retirement Arrangement”, for more specific information.

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

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

After the 2-year restriction no longer applies, you may withdraw, or receive, funds from your SIMPLE IRA, and no more than 60 days later, place such funds in another IRA or SIMPLE IRA. This is called a “rollover” and may not be done without penalty more frequently than at one-year intervals. Effective December 19, 2015, if your Employer’s Plan permits, you may also roll over from a qualified plan, qualified annuity, 403(b) Plan, governmental 457(b) or from an IRA to your SIMPLE IRA as long as the 2-year restrict is satisfied. However, there are no restrictions on the number of times that you may make “transfers” if you arrange to have such funds transferred between the Custodians so that you never have possession of the funds. You may not, however, roll over or transfer excess elective deferrals and income allocable to such excess amounts from your SIMPLE IRA to another IRA. These excess amounts may be reduced only by a distribution to you.

X. Filing Requirements

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

XI. Employer to Provide Information

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

XII. Financial Institution Where IRA is Established to Provide Information

The financial institution must provide you with a disclosure statement that contains information described in section 1.408-6 of the regulations. The Disclosure Statement that is a part of this SIMPLE IRA account documentation must be read in conjunction with this Summary Description for Non-Designated Financial Institutions. The Disclosure Statement contains important information about the SIMPLE plan rules and the contents of such Disclosure Statement are incorporated herein by reference.

See Publication 590-A and 590-B, "Individual Retirement Arrangements", which is available at most IRS offices, for a more complete explanation of the disclosure requirements. In addition to the disclosure statement, the financial institution is required to provide you with a financial statement each year. It may be necessary to retain and refer to statements for more than one year in order to evaluate the investment performance of your IRA and in order that you will know how to report IRA distributions for tax purposes.

SIMPLE Plan Deferral Form

SECTION I — GENERAL PLAN INFORMATION

Participant's Name: _____

Participant's Address: _____ SSN: _____

Name of Employer: _____

Trustee/Custodian: _____

SECTION II — SALARY REDUCTION DEFERRAL ELECTION

Subject to the requirements of the SIMPLE Retirement Plan of the above-named employer, I authorize the following amount or percentage of my compensation to be withheld from each of my paychecks and contributed to my SIMPLE IRA:

(a) _____ percent of my salary (not in excess of 100%); OR

(b) \$ _____ per pay period; OR

(c) \$ _____ as of _____ [insert amount and date of single-sum deferral payment].

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

This salary reduction authorization shall remain in effect until I give a written modification or termination of its terms to my employer.

SECTION III — AMOUNT OF DEFERRAL

(a) If I will be under age 50 by the end of the relevant year, I understand that the total amount of my salary reduction contributions cannot exceed a specified dollar amount explained in the Summary Description.

(b) If I will be age 50 or over by the end of the relevant year, I understand that the total amount of my age 50 catch-up salary reduction contributions cannot exceed a specified dollar amount explained in the Summary Description.

(c) If I am between the ages of 60–63, I understand that the total amount of my age 60–63 catch-up salary reduction contributions cannot exceed the greater of \$5,000 or 150% of the standard catch-up contribution of \$3,500.

(d) I understand that the total amount I defer in any calendar year to this SIMPLE may not exceed the lesser of:
_____ % of my compensation; or the dollar limitation indicated in (a) or (b) above.

SECTION IV — COMMENCEMENT OF DEFERRAL

The deferral election specified in Section II above shall not become effective before _____ (Specify a date no earlier than the first day of the first pay period beginning after you sign this agreement.)

SECTION V — DISTRIBUTIONS FROM SIMPLE IRA

I understand that any amounts withdrawn from my SIMPLE IRA are includible in my gross income and may be subject to a 25% additional income tax if withdrawn within 2 years of the day I first participated in this SIMPLE Plan.

SECTION VI — EMPLOYEE SELECTION OF SIMPLE IRA TRUSTEE OR CUSTODIAN

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

Name of Financial Institution: _____

Address: _____

SIMPLE IRA Account Name/Number: _____

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

Date: _____ Signature of Participant: _____

SECTION VII — TERMINATION OF ELECTIVE DEFERRALS

I understand that my Employer may restrict me from resuming Elective Deferrals until the January 1st of the next Plan Year, if so indicated on the Adoption Agreement.

- I wish to stop my Elective Deferrals as of _____. (Fill in the date you want your salary reduction contributions to end. The date must be after you sign this agreement).

Employee Initials_____.

SECTION VIII — DURATION OF ELECTION

This salary reduction agreement replaces any earlier agreement and will remain in effect as long as I remain an Eligible Employee under the SIMPLE IRA Plan or until I provide my Employer with a new salary reduction agreement as permitted under this SIMPLE IRA Plan.

Non-Bank Trustee Approval Letters

Retirement Solutions Group



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

NOV 25 2009

RBC Capital Markets Corporation
RBC Plaza
60 S. 6th Street
Minneapolis, MN 55402

EIN: 41-1416330

Re: RBC Dain Rauscher, Inc. — Nonbank Trustee Status
Sutro & Company – Nonbank Trustee Status

Ladies and Gentlemen:

This letter is in response to a letter dated March 20, 2009, signed by Jeff Traylor, Associate General Counsel, as supplemented by an email dated March 30, 2009, concerning the nonbank trustee status of RBC Dain Rauscher, Inc. and Sutro & Company.

On January 22, 1982 and March 2, 1998, the Internal Revenue Service (Service) issued notices of approval to RBC Dain Rauscher, Inc. to serve as a nonbank trustee or custodian.

On December 8, 1988, the Service issued a notice of approval to Sutro & Company to serve as a nonbank trustee.

Pursuant to section 1.408-2(e)(6)(iv) of the Income Tax Regulations, Mr. Traylor's letter informed this office that in 2008, following a merger in which RBC Dain Rauscher was the surviving company, RBC Dain Rauscher changed its name to RBC Capital Markets Corporation. The name change was done for marketing and branding purposes.

With regard to Sutro & Company, Mr. Traylor informed this office that Sutro & Company merged into RBC Dain Rauscher, Inc. (now RBC Capital Markets Corporation) and as a result, Sutro & Company no longer exists. All Sutro accounts were transferred to RBC Dain Rauscher, Inc.

Based on the above, notice is hereby given that as of the date of this letter the Service has removed the name "RBC Dain Rauscher, Inc." from its list of approved nonbank trustees/custodians and replaced it with "RBC Capital Markets Corporation."

RBC Capital Markets Corporation

Notice is also hereby given that as of the date of this letter, the Service has withdrawn the December 8, 1988 Notice of Approval issued to Sutro & Company and removed the name "Sutro & Company" from its list of approved nonbank trustees/custodians.

This is not a determination as to whether RBC Capital Markets Corporation continues to meet the requirements of section 1.408-2(e) of the regulations.

Thank you for writing to us about this matter. No further action will be taken by this office.

If you have any questions, please contact Mr. Calvin Thompson (Identification No. 1000221590) at (202) 283-9596.

Sincerely,



Carlton A. Watkins, Manager
Employee Plans Technical Group 1

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Dain Bosworth Inc.
100 Dain Tower
Minneapolis, Minnesota 55402

Person to Contact:
Ms. B. Garcia
Telephone Number:
(202) 566-4185
Refer Reply to:
E:EP:T:3
Date:

JAN 22 1992

Gentlemen:

You have requested a determination that Dain Bosworth Inc. may act as a nonbank trustee or custodian for plans benefiting owner-employees (Keoghs) and Individual Retirement Accounts (IRAs) as provided in section 1.401-12(n) of the Income Tax Regulations.

Section 408(a)(2) of the Code requires that the trustee of an IRA be a bank (as defined in section 401(d)(1) of the Code) or such other person who demonstrates to the satisfaction of the Commissioner of Internal Revenue that the manner in which such other person will administer the IRA will be consistent with the requirements of section 408.

Section 401(d)(1) of the Code, as amended by the Employee Retirement Income Security Act of 1974 (ERISA), permits a person other than a bank to be the trustee of a qualified pension or profit-sharing trust benefiting owner-employees if he demonstrates to the satisfaction of the Commissioner that he will administer the trust in a manner consistent with the requirements of section 401.

Additionally, section 401(f) of the Code provides that a custodial account shall be treated as a qualified trust under section 401(a) if such custodial account would, except for the fact that it is not a trust, constitute a qualified trust under section 401(a) and the custodian is a bank (as defined in section 401(d)(1)) or other person who demonstrates to the satisfaction of the Commissioner that the manner in which such person will hold the assets will be consistent with the requirements of section 401. Section 408(h) provides similar rules for custodians of individual retirement accounts.

Section 1.401-12(n) of the regulations provides that such person must file a written application with the Commissioner demonstrating, as set forth in that section, his ability to act as trustee or custodian of IRAs and Keogh plans.

Based upon all the representations presented in the application, we have concluded that Dain Bosworth Inc. may act as active trustee or custodian for IRAs and Keogh plans.

Dain Bosworth Inc.

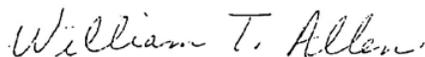
Dain Bosworth Inc. is required to notify the Commissioner of Internal Revenue, Attn: E:EP, Internal Revenue Service, Washington, D.C. 20224, in writing, of any change that affects the continuing accuracy of any representations made in the application. Further, the continued approval of the corporation's application to act as trustee or custodian is contingent upon the continued satisfaction of the criteria set forth in section 1.401-12(n) of the regulations.

Dain Bosworth Inc. may not act as trustee or custodian unless it undertakes to act only under trust or custodial instruments that contain a provision to the effect that Dain Bosworth Inc. is to substitute another trustee or custodian upon notification by the Commissioner that such substitution is required because it has failed to comply with the requirements of section 1.401-12(n) of the regulations, or is not keeping such records, or making such returns or rendering such statements as are required by forms or regulations.

This letter constitutes a determination as to whether Dain Bosworth Inc. may act as trustee or custodian for IRAs and Keogh plans under sections 408(a)(2) and 401(d)(1) of the Code, and does not bear upon its capacity to act as trustee or custodian under any other applicable law.

In accordance with the power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

Sincerely yours,



William T. Allen
Chief, Employee Plans
Technical Branch

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Dain Bosworth Inc.
100 Dain Tower
Minneapolis, Minnesota 55402

Person to Contact:
Ms. B. Garcia
Telephone Number:
(202) 566-4185
Refer Reply to:
E:EP:T:3
Date:

JAN 22 1982

Gentlemen:

You have requested a determination that Dain Bosworth Inc. may act as a passive trustee or custodian of plans benefiting owner-employees (Keogh plans) and Individual Retirement Accounts (IRAs) as provided in section 1.401-12(n) of the Income Tax Regulations.

Sections 401(d)(1) and 408(a)(2) of the Internal Revenue Code, as amended by the Employee Retirement Income Security Act of 1974 (ERISA), require a trustee or custodian of Keogh plans and IRAs to be a bank or such other person who demonstrates to the satisfaction of the Commissioner that he will administer such trusts in accordance with the requirements of sections 401 and 408, respectively.

Additionally, section 401(f) of the Code provides that a custodial account shall be treated as a qualified trust under this section if such custodial account would, except for the fact it is not a trust, constitute a qualified trust under this section and the custodian is a bank (as defined in section 401(d)(1)) or other person who demonstrates to the satisfaction of the Commissioner that the manner in which such other plan will hold the assets will be consistent with the requirements of section 401 of the Code. Section 408(h) provides similar rules for custodians of individual retirement accounts.

Section 1.401-12(n) of the regulations provides that such a person must file a written application with the Commissioner, demonstrating as set forth in that section, his ability to act as trustee or custodian of plans benefiting owner-employees and individual retirement accounts.

We have concluded from all the representations made in the application that Dain Bosworth Inc. meets the requirements of section 1.401-12(n) of the regulations and, therefore, may act as a passive trustee or custodian for Keogh plans and IRAs.

This letter authorizes Dain Bosworth Inc. to act only as a passive trustee or custodian within the meaning of section 1.401-12(n) of the regulations; that is, it is authorized only to acquire and hold particular investments specified by the custodial or trust instrument. It may not act as trustee or custodian if under the written trust or custodial instrument it has discretion to direct investment of trust or custodial funds or any other aspects of the business administration of the trust or custodial account.

Dain Bosworth Inc.

This letter, while authorizing Dain Bosworth Inc. to act as a passive trustee or custodian within the meaning of section 1.401-12(n)(7) of the regulations, does not authorize it to pool accounts in a common investment fund within the meaning of section 1.401-12(n)(6)(vi) of the regulations. Dain Bosworth Inc. may not act as trustee or custodian unless it undertakes to act only under trust and custodial instruments which contain a provision to the effect that the employer is to substitute another trustee or custodian upon notification by the Commissioner that such substitution is required because the specified trustee or custodian has failed to comply with the requirements of such regulations or is not keeping such records, or making such returns, or rendering such statements, as are required by forms or regulations.

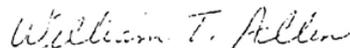
Dain Bosworth Inc. is required to notify the Commissioner of Internal Revenue, Attn: E:EP, Internal Revenue Service, Washington, D.C. 20224, in writing, of any change which affects the continuing accuracy of any representation made in its application required by section 1.401-12(n) of the Income Tax Regulations.

Furthermore, the continued approval of its application is contingent upon its continued satisfaction of the criteria set forth in section 1.401-12(n) of the Income Tax Regulations.

This letter constitutes a determination as to Dain Bosworth Inc. may act as trustee under section 401(d)(1) of the Code and does not bear upon its capacity to act as trustee or custodian under any other applicable law.

In accordance with the power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

Sincerely yours,



William T. Allen
Chief, Employee Plans
Technical Branch

Important information regarding your individual retirement account



RBC Capital Markets, LLC (“RBC CM”) is registered as a broker-dealer and investment adviser with the U.S. Securities and Exchange Commission (SEC). You may receive services from RBC CM as a client of its RBC Wealth Management division or as a client of another broker-dealer or registered investment adviser for which RBC CM provides custody and clearing services through its RBC Clearing & Custody division. Neither RBC CM, nor its affiliates or employees provide legal, accounting or tax advice. All legal, accounting or tax decisions regarding your accounts and any transactions or investments entered into in relation to such accounts, should be made in consultation with your independent advisors. No information, including but not limited to written materials, provided by RBC CM or its affiliates or employees should be construed as legal, accounting or tax advice.

The information below is adapted from “Important information regarding your individual retirement account”, © PenServ Plan Services, Inc. Summary of Changes to IRAs (07-2024).

Several recent law changes have impacted Individual Retirement Accounts (IRAs). Your IRA Plan document cannot be updated to reflect these changes until the Internal Revenue Service releases their version of the language that must appear in your Plan. As your IRA provider, we await technical guidance from the Internal Revenue Service and the Department of Labor in order to administer the enacted provisions. In the meantime, we would like to take this opportunity to provide you with an informational summary to retain with your current IRA plan document.

SECURE Act – Setting Every Community Up for Retirement Enhancement Act of 2019

Repeal of maximum age for traditional IRA contributions

- Individuals are able to make contributions to their IRA even after attaining the age of 70 ½ (now 73), as long as income is earned.
- Effective for taxable years beginning after December 31, 2019.

Increase in age for required beginning date for mandatory distributions

- The required beginning date for mandatory distributions was amended from age 70 ½ to age 72.
- This only applies to persons turning 70 ½ after December 31, 2019. Anyone who turned 70 ½ prior to 2020 must begin taking, and continue to take, distributions under pre-SECURE Act rules.

Modification of required distribution rules for designated beneficiaries

- Upon the death of an IRA account owner, distributions of the entire account balance to anyone other than an “eligible designated beneficiary” must generally be made within 10 years of the account owner’s death.
- An eligible designated beneficiary includes the surviving spouse, a child of the IRA account owner who has not yet reached the age of majority (age 21 as defined in IRS regulations), a disabled individual, a chronically ill individual, or an individual who is not more than 10 years younger than the decedent.

Investment and insurance products offered through RBC Capital Markets, LLC are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.

- This change eliminates the ability to have “stretch IRAs” by limiting the distribution period for certain beneficiaries.
- Effective for distributions on behalf of IRA account owners who die after December 31, 2019.

Penalty-free withdrawals from retirement plans for individuals in case of birth of child or adoption

- Distributions from a retirement plan, in the case of a qualified birth or adoption, are exempt from the 10% early withdrawal penalty.
- The child must be under 18 years of age, the distribution must be made within the 1-year period after the birth or adoption date of the child, and the distribution exception is capped at \$5,000 per child, per parent.
- These funds may be repaid to the plan by a rollover, and the repayment would be treated as a nontaxable direct rollover (reported as a “repayment”).
- Effective for distributions made after December 31, 2019.

Tax-exempt “difficulty of care payments”, a type of qualified foster care payment to individual care providers under a state Medicaid Home and Community-Based Services waiver program (Medicaid Waiver payments), may be treated as compensation for purposes of making an IRA contribution.

For tax years beginning after December 31, 2019, certain taxable non-tuition fellowship and stipend payments are treated as compensation for the purpose of IRA contributions. Compensation will include any amount included in gross income and paid to aid in pursuit of graduate or postdoctoral study.

CARES Act – Coronavirus Aid, Relief, and Economic Security Act of 2020

The CARES Act provided assistance to the American people from the public health and economic impact of COVID-19. The provisions under the CARES Act were mostly available during 2020, but the highlights are listed here:

- Coronavirus-related distributions – a coronavirus-related distribution (CRD) is a distribution made on or after January 1, 2020 and before December 30, 2020 to a qualified individual from an IRA, qualified plan, 403(b), or governmental 457(b) of up to \$100,000 in the aggregate for any taxable year. A CRD was directly repaid (i.e., rolled over) to any IRA or other eligible plan that accepts rollovers ratably within 3 years. Amounts not repaid could be taxed over a 3-year period.
- The CARES Act provides for 2 special coronavirus-related loan conditions to qualified individuals: 1) increases the amount that can be borrowed; and 2) extends the time to repay an existing loan. Loans are not permitted from individual retirement accounts, however.

Waiver of Required Minimum Distribution (RMD)

All Required Minimum Distributions were waived for the calendar year 2020 under the CARES Act, including for a participant whose required beginning date is in 2020 (e.g., initial year 2019 RMDs due by April 1, 2020). Beneficiaries required to take RMDs from inherited IRAs were included in the waiver.

The 2020 RMD waiver applied to all IRA owners, not only to qualified individuals affected by COVID-19.

RMDs taken at any point during 2020 could have been rolled back into an eligible plan. IRS notice 2020-51 provided an extension to roll back any RMD taken on or after January 1, 2020 by August 31, 2020 without regard to the 60-day deadline that applies to IRA to IRA rollovers, or the one rollover in a 12-month period restriction.

RMD amounts that were received after August 31st were still eligible for rollover, but were subject to the normal rollover restrictions.

Qualified Charitable Distributions are not affected by the CARES Act. As it relates to the change in RMD age under the SECURE Act mentioned previously, an IRA owner or beneficiary who was age 70 ½ could still request a QCD even if they did not have a 2020 RMD. Those individuals continue to remain QCD eligible despite the increase in RMD age to 72. See Appendix D in IRS Publication 590-B to determine the correct amount of the QCD.

SECURE 2.0 Act of 2022 (SECURE 2.0)

Continuing the initiatives of the SECURE Act of 2019, SECURE 2.0 Act of 2022 (SECURE 2.0), Division T of the Consolidated Appropriations Act of 2023, was signed into law on December 29, 2022 (date of enactment). Some changes became effective on the date of enactment—or even retroactively, but the Internal Revenue Service and the Department of Labor must provide technical guidance to practitioners and taxpayers for them to be practicable.

Increase in Age for Required Beginning Date for Mandatory Distributions

- The required beginning date for Required Minimum Distributions (RMDs) has been increased from age 72 to age 73 starting on January 1, 2023.
- The Act further increases the RMD age, starting January 1, 2033, from 73 to 75.

Indexing IRA Catch-Up Limit

- Indexes the current \$1,000 age 50 catch-up limit.
- Effective for taxable years beginning after December 31, 2023.

Withdrawals for Certain Emergency Expenses

- Provides an exception for certain distributions used for emergency expenses, which are unforeseeable or immediate financial needs relating to personal or family emergency expenses.
- Only one distribution is permissible per year of up to \$1,000, and a taxpayer has the option to repay the distribution within 3 years.
- No further emergency distributions are permissible during the 3-year repayment period unless repayment occurs.
- Effective for distributions made after December 31, 2023.

Special Rules for Certain Distributions from Long-Term Qualified Tuition Programs to Roth IRAs

- SECURE 2.0 amended the Internal Revenue Code to allow for tax and penalty free rollovers, up to \$35,000 over the course of a taxpayer's lifetime, from any 529 account in their name to their Roth IRA.
- These rollovers are subject to Roth IRA annual contribution limits, but not the income threshold for contributions. To qualify, the 529 account must have been open for 15 years or more.

Remove Required Minimum Distribution Barriers of Life Annuities

- An actuarial test related to certain commercial lifetime annuities in qualified plans and IRAs in the required minimum distribution regulations is eliminated. This will reinstitute certain guarantees for the benefit of individuals who are otherwise unwilling to elect a life annuity under a defined contribution plan or IRA.
- This provision is effective for calendar years ending after the date of enactment of the Act.

Qualifying Longevity Annuity Contracts

- To preserve the intended longevity protection, the 25% limit is eliminated, and the dollar limit is increased to \$200,000.
- In addition, QLACs with spousal survival rights are available, and free-look periods are permitted up to 90 days with respect to contracts purchased or received in an exchange on or after July 2, 2014.

Eliminating a Penalty on Partial Annuitization

- A participant that holds an annuity contract in their retirement account may elect to calculate the Required Minimum Distribution (RMD) by aggregating the value of the annuity with the value of the non-annuitized portion of the account. The annuity contract payments for the year can then be deducted from the combined RMD amount.
- This became effective on the date of enactment of the Act, however, the Treasury Secretary is to update the relevant regulations accordingly. Until then, taxpayers may rely on a good faith interpretation of the law.

Reduction in Excise Tax on Certain Accumulations in Qualified Retirement Plans

- The penalty for failure to take Required Minimum Distributions (RMDs) is reduced from 50% to 25%.
- In addition, if a failure to take the RMD is corrected within a 2-year correction period, the excise tax on the failure is further reduced from 25% down to 10% percent. This correction window begins on the tax filing due date for the year the excess occurred, and ends on the earlier of the last day of the second taxable year following such deadline or when the taxpayer is audited.
- Effective for taxable years beginning after the date of enactment of the Act.

Updating Dollar Limit for Mandatory Distributions

- Under current law, employers may automatically roll over former employees' retirement accounts from a workplace retirement plan into an IRA if their balances are between \$1,000 and \$5,000.
- The limit is now increased from \$5,000 to \$7,000, effective for distributions made after December 31, 2023.

One-Time Election for Qualified Charitable Distribution (QCD) to Split-Interest Entity; Increase in Qualified Charitable Distribution Limitation

- Expands the Qualified Charitable Distribution provision to allow for a one-time, \$50,000 distribution to charities through charitable gift annuities, charitable remainder unitrusts, and charitable remainder annuity trusts.
- This is effective for distributions made in taxable years beginning after the date of enactment of the Act.
- In addition, the \$50,000 special distribution amount, as well as \$108,000 overall QCD limit, will be indexed for inflation for distributions made in taxable years ending after the date of enactment of the Act.

Repayment of Qualified Birth or Adoption Distribution Limited to 3 Years

- The recontribution period for distributions made in the case of birth or adoption, a qualified birth or adoption distribution (QBAD), is restricted to 3 years.
- Effective to distributions made after the date of the enactment of the Act, and retroactively to the 3-year period beginning on the day after the date on which such distribution was received.

Penalty-Free Withdrawal from Retirement Plans for Individual Case of Domestic Abuse

- Retirement plans may permit participants to self-certify that they experienced domestic abuse within the past year, allowing the participant to withdraw a small amount of money (the lesser of \$10,000, indexed for inflation, or 50% of the participant's account).
- This distribution is not subject to the 10% tax on early distributions. Additionally, a participant has the opportunity to repay the withdrawn money from the retirement plan over 3 years, and will be refunded for income taxes on money that is repaid.
- Effective for distributions made after December 31, 2023.

Tax Treatment of IRA Involved in a Prohibited Transaction

- When an individual engages in a prohibited transaction with respect to their IRA, the IRA is disqualified and treated as distributed to the individual, irrespective of the size of the prohibited transaction.
- This provision clarifies that if an individual has multiple IRAs, only the IRA with respect to which the prohibited transaction occurred will be disqualified.
- Effective for taxable years beginning after the date of enactment of the Act.

Clarification of Substantially Equal Periodic Payment Rule

- Clarification of what does not constitute a modification of the additional tax on early distributions for the Substantially Equal Periodic Payment (SEPP) rule.
- The exception continues to apply in the case of a rollover of the account, an exchange of an annuity providing the payments, or an annuity that satisfies the Required Minimum Distribution rules.
- This provision is effective for transfers, rollovers, and exchanges after December 31, 2023; and effective for annuity distributions on or after the date of enactment of the Act.

Exception to Penalty on Early Distributions from Qualified Plans and IRAs to Individuals with a Terminal Illness

- Provides an exception to the 10% additional tax on early distributions made to individuals with a terminal illness.
- A physician must certify that the illness is reasonably expected to result in death within 84 months.
- These withdrawals currently have no dollar limitation, and can be repaid to the account in a manner that is similar to qualified birth or adoption distributions.
- The exception is effective for distributions made after the date of enactment of the Act.

Special Rules for Use of Retirement Funds in Connection with Qualified Federally Declared Disasters

- Issues permanent rules that aim to standardize access to retirement funds in the event of a federally declared disaster.
- To be eligible, an individual must have their primary residence in the federally declared disaster area, and sustain an economic loss as a result of the disaster event.
- If eligible, up to \$22,000 can be considered a Qualified Disaster Distribution (or Qualified Disaster Recovery Distribution), taken no later than 180 days after the federal disaster was declared.
- The funds are exempt from the 10% excise tax on early distributions.
- There is a 3-year window following the date of distribution to repay all or a portion of the payment back to an eligible retirement plan. Alternatively, taxes can be spread ratably over a 3-year period.
- A list of federally declared disasters can be found on the Federal Emergency Management Agency website, [fema.org](https://www.fema.org).
- Effective retroactively for disasters occurring on or after January 26, 2021.

Elimination of Additional Tax on Corrective Distributions of Excess Contributions

- Earnings attributable to timely correction of an excess contribution is not subject to the 10% additional tax on early distributions.
- Effective for any determination made on or after the date of enactment of the Act, even if the correction occurred before date of enactment.

Modification of Required Minimum Distribution Rules for Special Needs Trust

- In the case of a special needs trust established for a beneficiary with a disability, the trust may provide for a charitable organization as the remainder beneficiary.
- Effective for calendar years beginning after the date of enactment of the Act.

IRA and Roth IRA Contribution Limits – Cost of Living Adjustments (COLAs)		
	2024	2025
Traditional IRA regular contribution limit	\$7,000	\$7,000
Age 50 catch-up limit for traditional IRAs	\$1,000	\$1,000
AGI phase-out ranges for determining traditional IRA deductions for active participants:		
Unmarried taxpayers	\$77,000–\$87,000	\$79,000–\$89,000
Married taxpayers filing joint returns	\$123,000–\$143,000	\$126,000–\$146,000
Married taxpayers filing separate returns	\$0–\$10,000	\$0–\$10,000
Non-active participant spouse	\$230,000–\$240,000	\$236,000–\$246,000
Roth IRA regular contribution limit	\$7,000	\$7,000
Age 50 catch-up limit for traditional and Roth IRAs	\$1,000	\$1,000
AGI phase-out ranges for determining Roth IRA regular contributions:		
Unmarried taxpayers	\$146,000–\$161,000	\$150,000–\$165,000
Married taxpayers filing joint returns	\$230,000–\$240,000	\$236,000–\$246,000
Married taxpayers filing separate returns	\$0–\$10,000	\$0–\$10,000