



BRANCH-ACCOUNT NO.

REGISTERED REP CODE

**INDIVIDUAL OR SEP ACCOUNT (BD)  
APPLICATION & AGREEMENT**

I (We) would like to open a brokerage account with Apex Clearing Corporation.

**ACCOUNT INFORMATION****ALL INFORMATION MUST BE COMPLETED. PLEASE TYPE OR PRINT.****ACCOUNT TYPE**

Traditional IRA

Rollover Account

Simplified Employee Pension Account ("SEP")

NAME OF BUSINESS

Beneficiary Traditional IRA

NAME OF DECEASED

**ACCOUNT  
INFORMATION**NAME OF PARTICIPANT (*First/Middle/Last*)

U.S. CITIZEN

☐ Yes ☐ No

IF NO, WHAT COUNTRY?

DATE OF BIRTH

SOCIAL SECURITY NUMBER/ITIN

FTIN (*Required for Foreign Persons*)

COUNTRY OF ISSUE

HOME ADDRESS (*Cannot be a Post Office Box*)

CITY

STATE/COUNTRY

ZIP CODE

E-MAIL ADDRESS

CELL PHONE/HOME PHONE

BUSINESS PHONE

MAILING ADDRESS

CITY

STATE/COUNTRY

ZIP CODE

MARITAL STATUS (*Select One*)☐ SINGLE (S) ☐ MARRIED (M) ☐ DIVORCED (D) ☐ WIDOWED (W)

NUMBER OF DEPENDENTS

EMPLOYER

YEARS EMPLOYED

POSITION

BUSINESS ADDRESS

CITY

STATE/COUNTRY

ZIP CODE

MAIL TO (*Select One*)☐ Business Address ☐ Mailing Address ☐ Post Office Box

NAME OF YOUR BANK

BANK ACCOUNT NUMBER

Is the Primary Account Holder a Control Person of a publicly traded company? (Director, Officer, or 10% Stockholder)

☐ Yes ☐ No

If YES: Provide the name of the company(s) and the stock ticker symbol(s) below. I/We promise to notify you of any changes.

Company(s)/Ticker Symbol(s): \_\_\_\_\_

	Is the Primary Account Holder an employee of, or affiliated with, the Introducing Broker firm?			<input type="checkbox"/> Yes <input type="checkbox"/> No	
	If NO: Is the Primary Account Holder affiliated with, work with, or work for another member firm of a Stock Exchange or FINRA?			<input type="checkbox"/> Yes <input type="checkbox"/> No	
	If YES: Provide the name of Firm: _____				
<b>TRADING AUTHORIZATION TO ANOTHER PARTY</b> Request the Trading Authorization Form from your introducing broker-dealer to grant trading authority to a third party.					
<b>GOVERNMENT IDENTIFICATION</b>	PRIMARY APPLICANT - TYPE OF IDENTIFICATION Attach a color copy of the photo identification <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Driver's License   <input type="checkbox"/> Passport   <input type="checkbox"/> Other: _____         </div> <div> <input type="checkbox"/> INS Permanent Resident Alien Card   <input type="checkbox"/> Foreign National Identification Document         </div> </div>				
	IDENTIFICATION NUMBER		STATE/COUNTRY OF ISSUANCE	ISSUE DATE	EXPIRATION DATE
	NAME				HOME TELEPHONE
<b>TRUSTED CONTACT</b> <i>For additional information, see the Customer Agreement</i>	E-MAIL ADDRESS				
	MAILING ADDRESS (Cannot P.O. Box)				
	CITY		STATE/COUNTRY	ZIP CODE	
<b>INVESTMENT PROFILE</b>	<b>TIME HORIZON</b> <i>Number of years to achieve a particular financial goal</i>		<b>LIQUIDITY NEEDS</b> <i>The ability to quickly and easily convert all or a portion of the account assets into cash without experiencing significant loss</i>		
	Short (Less than 3 years) (01)		Very Important (01)		
	Average (4 to 7 years) (02)		Somewhat Important (02)		
	Longest (8+ years) (03)		Not Important (03)		
	<b>INVESTMENT OBJECTIVE</b>		<b>INVESTMENT EXPERIENCE</b>	<b>RISK TOLERANCE</b>	
	Capital Preservation (05)		None (00)	Low (01)	
	Income (04)		Limited (01)	Medium (02)	
	Growth & Income (02)		Good (02)	High (03)	
	Growth (03)		Extensive (03)	Tax Bracket: _____ %	
	Speculation (06)				
	<b>LIQUID NET WORTH</b> <i>Cash and Liquid Investments Only</i>		<b>TOTAL NET WORTH</b> <i>Excluding residence</i>		<b>ANNUAL INCOME</b> <i>From all sources</i>
	Under \$50,000 (01)		Under \$50,000 (01)		Under \$25,000 (01)
	\$50,001 to \$100,000 (02)		\$50,001 to \$100,000 (02)		\$25,001 to \$50,000 (02)
	\$100,001 to \$200,000 (22)		\$100,001 to \$200,000 (22)		\$50,001 to \$100,000 (03)
	\$200,001 to \$500,000 (23)		\$200,001 to \$500,000 (23)		\$100,001 to \$200,000 (23)
	\$500,001 to \$1,000,000 (24)		\$500,001 to \$1,000,000 (24)		\$200,001 to \$300,000 (24)
	\$1,000,001 to \$5,000,000 (25)		\$1,000,001 to \$5,000,000 (25)		\$300,001 to \$500,000 (25)
	Over \$5,000,001 (26)		Over \$5,000,001 (26)		\$500,001 to \$1,200,000 (26)
					Over \$1,200,001 (27)

<b>DEPOSITOR AUTHORIZATION</b>	I understand that I have the right to direct the investment and reinvestment of contributions to my Account and hereby appoint the following brokerage firm as my agent to execute my directions, as Broker under the terms of the Custodial Agreement.		
	BROKERAGE FIRM	ACCOUNT NUMBER	
<b>DIVIDEND REINVESTMENT</b>	<p align="center"><b>FREE DIVIDEND REINVESTMENT</b></p> <p>Select whether or not you would like to have your dividends reinvested on all eligible securities. You can always change your selection by calling your investment representative.</p> <p>Select ONE:      <input type="checkbox"/> YES, Reinvest dividends on ALL eligible securities  <input type="checkbox"/> NO, Do not reinvest any dividends</p>		
<b>E-DELIVERY ELECTION</b>	<p align="center"><b>E-DOCUMENTS ENROLLMENT</b></p> <p>When you enroll your account in E-Docs, you will receive trade confirmations, account statements, tax-related documents, proxies, prospectuses, annual reports, and all other eligible account documents electronically. An e-mail notification will be sent to the Account Owner's e-mail address on the same day that any electronic documents become available. Just log into your account to access E-Docs and view, print, or download your electronic documents. Please speak with your investment representative for enrollment information.</p>		
<b>SERVICE INSTRUCTIONS</b> <i>Voluntary Sweep Program</i>	<p>By opening your account and/or selecting yes below, you agree to enroll in the Apex Clearing Corporation Sweep Program (the "Sweep Program") and agree that you have read and understand the terms and conditions of the Sweep Program. The Sweep Program terms and conditions and the list of banks participating and/or products available in the Sweep Program can be located at ApexClearing.com/disclosures. Free credit balances in the account, including dividends and proceeds from the sale of securities that are credited to the account while enrolled in the Sweep Program, may automatically be swept in accordance with the terms of the Sweep Program. Further, you agree Apex Clearing Corporation may make changes to the Sweep Program terms and conditions or any products or banks in the Sweep Program at any time in Apex's sole discretion. Your enrollment in the Sweep Program does not guarantee free credit balances in your account will be swept. If you wish to opt out of the Sweep Program you may select "No" in this Section or you may notify your introducing firm at any time.</p> <p><input type="checkbox"/> Yes    <input type="checkbox"/> No</p>		
<b>DIRECT COMMUNICATION RULE</b> <i>Rule 14b-1(c)</i>	<p>Rule 14b-1(c) of the Securities Exchange Act, unless you object, requires us to disclose to an issuer, upon its request, the names, addresses, and securities positions of our customers who are beneficial owners of the issuer's securities, held by us in nominee name. The issuer would be permitted to use your name and other related information for corporation communication only.</p> <p>If you object to this disclosure, check the box below.</p> <p><input type="checkbox"/> YES, I object to the disclosure of such information.</p>		
<b>ADDITIONAL ACCOUNT INFORMATION</b>	<p>IS THE ACCOUNT MAINTAINED FOR A CURRENT OR FORMER POLITICALLY EXPOSED PERSON OR PUBLIC OFFICIAL? (Includes U.S. &amp; Foreign Individuals)</p> <p><input type="checkbox"/> Yes    <input type="checkbox"/> No</p>		
	<p>If YES: Provide the name(s) of the Official and the Official's immediate family members (including former spouses) and the name of the related political organization.</p>	NAME OF OFFICAL AND IMMEDIATE FAMILY MEMBER(S)	
		NAME(S) OF OFFICIAL'S IMMEDIATE FAMILY MEMBER(S)	
		RELATED POLITICAL ORGANIZATION	
<b>LARGE TRADER ID*</b>	LARGE TRADER ID ("LTID") If you have an SEC assigned LTID for any of your accounts, provide the ID(s)		EFFECTIVE DATE
	END DATE	END REASON <input type="checkbox"/> Correction <input type="checkbox"/> Ended <input type="checkbox"/> Replaced <input type="checkbox"/> Other: _____	
	* Additional LTIDs may be added in the section "FOR OFFICE USE ONLY" below		

<b>TAX CERTIFICATION</b>	FORM W-9 Under penalties of perjury, I certify that: (1) The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and <b>(2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding,</b> and (3) I am a U.S. citizen or other U.S. person (defined below), and (4) the FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.			
	<input type="checkbox"/> <b>I am subject to withholding. Item 2 (above) is not applicable to me.</b>			
	Definition of a U.S. person. For federal tax return purposes, you are considered a U.S. person if you are: An individual who is a U.S. citizen or U.S. resident alien, A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, an estate (other than a foreign estate), or a domestic trust (as defined in Regulations section 301.7701-7). The Internal Revenue Service does not require your consent to any provisions of this document other than the certifications required to avoid backup withholding.			
	See instructions for a list of Exceptions			
	EXEMPT PAYEE CODE (if any)		EXEMPTION FROM FATCA REPORTING CODE (if any)	
	FORM W-8 Complete Form W-8 if you are a foreign person or business entity.			
<b>PRIMARY BENEFICIARY DESIGNATION</b>	I designate that upon my death, the assets in this account to be paid to the beneficiary(ies) named below.			
	<i>Please enter only Primary Beneficiary(ies) in the Primary Beneficiary(ies) section below. If more space is needed for additional Primary Beneficiaries, please attach another form. DO NOT enter the names of Primary Beneficiaries in the Contingent Beneficiary(ies) section. Please only enter Contingent Beneficiary(ies) in the Contingent Beneficiary(ies) section below.</i>			
	<b>PRIMARY BENEFICIARY(IES)</b>			
	Any interest I may have in this IRA account will be paid in equal proportions unless otherwise indicated to the primary beneficiary(ies) I have designated. If the death of one or more designated Primary Beneficiary(ies) precedes my death, the interest they would have received from this IRA will be paid, upon my death, to my surviving Primary Beneficiary(ies) Pro Rata such that 100% is paid to the surviving primary beneficiary(ies).			
	<b>1</b>	NAME OF PRIMARY BENEFICIARY		
		ADDRESS		
		RELATIONSHIP	DATE OF BIRTH	SOCIAL SECURITY NUMBER
	<b>2</b>	NAME OF PRIMARY BENEFICIARY		
		ADDRESS		
		RELATIONSHIP	DATE OF BIRTH	SOCIAL SECURITY NUMBER
	<b>3</b>	NAME OF PRIMARY BENEFICIARY		
		ADDRESS		
		RELATIONSHIP	DATE OF BIRTH	SOCIAL SECURITY NUMBER
	<b>4</b>	NAME OF PRIMARY BENEFICIARY		
ADDRESS				
RELATIONSHIP		DATE OF BIRTH	SOCIAL SECURITY NUMBER	SHARE PERCENTAGE %

<b>CONTINGENT BENEFICIARY DESIGNATION</b>	<b>CONTINGENT BENEFICIARY(IES)</b>			
	If none of my Primary Beneficiaries survives me, any interest I have in this account will be paid in equal proportions unless otherwise indicated to the Contingent Beneficiary(ies) I have designated. If the death of one or more designated Contingent Beneficiary precedes my death, the interest they would have received from this IRA will be paid, upon my death, to my surviving Contingent Beneficiary(ies) Pro Rata such that 100% is paid to the surviving Contingent beneficiary(ies).			
	<b>1</b>	NAME OF PRIMARY BENEFICIARY		
		ADDRESS		
		RELATIONSHIP	DATE OF BIRTH	SOCIAL SECURITY NUMBER
	<b>2</b>	NAME OF PRIMARY BENEFICIARY		
		ADDRESS		
		RELATIONSHIP	DATE OF BIRTH	SOCIAL SECURITY NUMBER
	<b>3</b>	NAME OF PRIMARY BENEFICIARY		
		ADDRESS		
		RELATIONSHIP	DATE OF BIRTH	SOCIAL SECURITY NUMBER
	<b>4</b>	NAME OF PRIMARY BENEFICIARY		
		ADDRESS		
		RELATIONSHIP	DATE OF BIRTH	SOCIAL SECURITY NUMBER
	<b>SIGNATURE(S)</b>	<b>NO SURVIVING BENEFICIARY (IES)</b>		
If none of the Primary or Contingent Beneficiaries I have designated survives me, any interest I may have in this IRA shall be paid in accordance with the rules and procedures specified in the 'Beneficiaries' section of the IRA Custodial Agreement governing this IRA.				
<input type="checkbox"/> I certify that I am not married				
I am the spouse of the above-named IRA owner. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. Because of the important tax consequences of giving up my interest in this IRA, I have been advised to see a tax professional.				
I hereby give the Account Holder any interest I have in the funds or property deposited in this Account and consent to the beneficiary designation(s) indicated above I assume full responsibility for any adverse consequences that may result. No tax or legal advice was given to me by Apex Clearing Corporation.				
SPOUSE SIGNATURE		SPOUSE NAME	DATE	
WITNESS SIGNATURE		WITNESS NAME	DATE	
<b>NOTE:</b> Consent of the IRA account owner's (owner, owner's, its) spouse may be required (for example, in a Community Property or Marital Property State) to effectively designate a beneficiary other than or in addition to the owner's Spouse. Account owner has been advised to consult a legal, tax, or other professional advisor to confirm if this consent is necessary in its state. Account owner hereby indemnifies Apex Clearing Corporation from any adverse action as a result of its beneficiary designation above.				

<b>PARTICIPANT SIGNATURE</b>	<p>I authorize Apex Clearing Corporation ("Apex"), at Apex's discretion, to obtain a consumer report at the time of application to verify my creditworthiness and to obtain a consumer report from time to time for updates, renewals, extensions, and collection activity on any approved account. Upon my written request, Apex will disclose to me whether it obtained a report, and if so, the name and address of the consumer-reporting agency that provided it.</p> <p>Additionally, I hereby authorize Clearing Firm to (i) execute trades and process transactions in the Account as directed by Advisor; (ii) remit checks, wire funds, and to otherwise make disbursements of funds held in the Account to (1) banks, broker-dealers, investment companies, or other financial institutions to an account of identical registration, or (2) you at your address of record at Advisor's instruction; (iii) provide Advisor with issuer-related communications, including those that require a voting decision or other action, and to perform all actions relating to those communications, including the voting of shares and proxy material, and (iv) pay investment advisory and other fees from the Account at, and in the amount of, Advisor's instruction, without inquiry or investigation, in accordance with the terms of the Customer Account Agreement and Advisor Authorization.</p> <p><b>BY SIGNING THIS APPLICATION, I (WE) ACKNOWLEDGE THE FOLLOWING: (1) THE CUSTOMER ACCOUNT AGREEMENT CONTAINS A PREDISPUTE ARBITRATION CLAUSE AND IN ACCORDANCE WITH THIS AGREEMENT I (WE) AGREE IN ADVANCE TO ARBITRATE ANY CONTROVERSIES WHICH MAY ARISE BETWEEN ME AND APEX IN ACCORDANCE WITH THE TERMS OF THE CUSTOMER ACCOUNT AGREEMENT; (2) I (WE) HAVE RECEIVED A COPY OF THE CUSTOMER ACCOUNT AGREEMENT WITH THIS APPLICATION AND HEREBY AGREE WITH THE TERMS THEREIN AND HEREIN; (3) THE INFORMATION PROVIDED IN THIS APPLICATION IS AND WILL CONTINUE TO REMAIN TRUE AND CORRECT.</b></p>	
	SIGNATURE OF PARTICIPANT	DATE

FOR OFFICE USE ONLY			
SIGNATURES/ APPROVAL	REGISTERED REPRESENTATIVE SIGNATURE		REGISTERED REPRESENTATIVE NAME
	REGISTERED PRINCIPAL SIGNATURE		REGISTERED PRINCIPAL NAME
CUSTOMER ID VERIFICATION	Customer identification verified?		<input type="checkbox"/> YES
LTID	LTID		EFFECTIVE DATE
	END DATE	END REASON <input type="checkbox"/> Correction <input type="checkbox"/> Ended <input type="checkbox"/> Replaced <input type="checkbox"/> Other: _____	
	LTID		EFFECTIVE DATE
	END DATE	END REASON <input type="checkbox"/> Correction <input type="checkbox"/> Ended <input type="checkbox"/> Replaced <input type="checkbox"/> Other: _____	
	LTID		EFFECTIVE DATE
	END DATE	END REASON <input type="checkbox"/> Correction <input type="checkbox"/> Ended <input type="checkbox"/> Replaced <input type="checkbox"/> Other: _____	
	LTID		EFFECTIVE DATE
	END DATE	END REASON <input type="checkbox"/> Correction <input type="checkbox"/> Ended <input type="checkbox"/> Replaced <input type="checkbox"/> Other: _____	
	LTID		EFFECTIVE DATE
	END DATE	END REASON <input type="checkbox"/> Correction <input type="checkbox"/> Ended <input type="checkbox"/> Replaced <input type="checkbox"/> Other: _____	
CAT FDID	CAT FDID <i>By default, the FDID will be assigned at account opening. Any updates to this field post account opening will be reported as FDID replacement values</i>		CAT FDID
CAT AND OATS ACCOUNT TYPES	CAT ACCOUNT TYPE <i>(Selection Required)</i>		OATS ACCOUNT TYPE
	<b>CAT ACCOUNT TYPES:</b> <b>A: Institutional Customer</b> - An institutional account as defined in FINRA Rule 4512(c) <b>E: Employee Account</b> - An employee or associated person of your Broker-Dealer <b>F: Foreign</b> - A non-broker-dealer foreign affiliate or non-reporting Foreign Broker-Dealer <b>I: Individual Customer</b> - An account that does not meet the definition of FINRA Rule 4512(c) and is also not a proprietary account. <b>O: Market Making</b> - See CAT FAQ C5 <b>V: Firm Agency Average Price Account</b> <b>P: Other Proprietary</b> <b>X: Error Account</b> - Error account of the firm		<b>OATS ACCOUNT TYPES:</b> <b>A: Institutional Customer</b> - An institutional account as defined in FINRA Rule 4512(c) <b>C: Combined</b> - An order representing more than one type of account <b>E: Employee Account</b> - An employee or associated person of your Broker-Dealer. <b>I: Individual Customer</b> - An account that does not meet the definition of FINRA Rule 4512(c) and is also not a proprietary account. <b>O: Market Making</b> <b>P: Other Proprietary</b> <b>X: Error Account</b> - Error account of the firm.

## INDIVIDUAL RETIREMENT CUSTODIAL ACCOUNT AGREEMENT

Form 5305-A under section 408(a) of the Internal Revenue Code (Rev. April 2017)

The Depositor named on the application is establishing a Traditional individual retirement account under section 408(a) to provide for his or her retirement and for the support of his or her beneficiaries after death.

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

The Depositor has assigned the custodial account the sum indicated on the application. The Depositor and the custodian make the following agreement:

### ARTICLE I

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

### ARTICLE II

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

### ARTICLE III

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

### ARTICLE IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the Depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
2. The Depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the Depositor's required beginning date, April 1 following the calendar year in which the Depositor reaches age 70½. By that date, the Depositor may elect, in a manner acceptable to the custodian, to have the balance in the custodial account distributed in: (a) A single sum or (b) Payments over a period not longer than the life of the Depositor or the joint lives of the Depositor and his or her designated beneficiary.
3. If the Depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:
  - a) If the Depositor dies on or after the required beginning date and:
    - i. the designated beneficiary is the Depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by one for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.
    - ii. the designated beneficiary is not the Depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the Depositor and reduced by one for each subsequent year, or over the period in paragraph (a)(iii) below if longer.
    - iii. there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the Depositor as determined in the year of the Depositor's death and reduced by one for each subsequent year.
  - b) If the Depositor dies before the required beginning date, the remaining interest will be distributed in accordance with paragraph (i) below or, if elected or there is no designated beneficiary, in accordance with paragraph (ii) below:



- i. The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the Depositor's death. If, however, the designated beneficiary is the Depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the Depositor would have reached age 70½. But, in such case, if the Depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with paragraph (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with paragraph (ii) below if there is no such designated beneficiary.
  - ii. The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.
4. If the Depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the Depositor's surviving spouse, no additional contributions may be accepted in the account.
5. The minimum amount that must be distributed each year, beginning with the year containing the Depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:
  - a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the Depositor reaches age 70½, is the Depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the Depositor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the Depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the Depositor's (or, if applicable, the Depositor and spouse's) attained age (or ages) in the year.
  - b) The required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the Depositor's death (or the year the Depositor would have reached age 70½, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).
  - c) The required minimum distribution for the year the Depositor reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.
6. The owner of two or more Traditional IRAs may satisfy the minimum distribution requirements described above by taking from one Traditional IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

#### **ARTICLE V**

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

#### **ARTICLE VI**

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

#### **ARTICLE VII**

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

#### **ARTICLE VIII**

##### **8.1 Definitions**

In this part of this agreement (Article VIII), the words "you" and "your" mean the Depositor. The words "we," "us," and "our" mean the custodian. The word "Code" means the Internal Revenue Code, and "regulations" means the Treasury regulations.

##### **8.2 Notices and Change of Address**

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

### **8.3 Representations and Responsibilities**

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

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

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

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

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

### **8.4 Disclosure of Account Information**

We may use agents and or subcontractors to assist in administering your IRA. We may release non- public personal information regarding your IRA to such providers as necessary to provide the products and services made available under this agreement, and to evaluate our business operations and analyze potential product, service, or process improvements.

### **8.5 Service Fees**

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

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

### **8.6 Investment of Amounts in the IRA**

You have exclusive responsibility for and control over the investment of the assets of your IRA. All transactions will be subject to any and all restrictions or limitations, direct or indirect, that are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs and usages of any exchange, market or clearing house where the transaction is executed; our policies and practices; and this agreement. After your death, your beneficiaries will have the right to direct the investment of your IRA assets, subject to the same conditions that applied to you during your lifetime under this agreement (including, without limitation, Section 8.038.3 of this article). The right to direct investment of assets may be restricted, however, as provided herein. We will have no discretion to direct any investment in your IRA. We assume no responsibility for rendering investment advice with respect to your IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your IRA. In the absence of instructions from you, or if your instructions are not in a form acceptable to us, we will have the right to hold any uninvested amounts in cash, and we will have no responsibility to invest uninvested cash unless and until directed by you. We will not exercise the voting rights and other shareholder rights with respect to investments in your IRA unless you provide timely written directions acceptable to us.

You will select the investment for your IRA assets, provided, however, that your selection of investments shall be limited to any investment vehicle obtainable by us, that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact, in our sole discretion offer for IRAs. For example, investments may include but shall not be limited to common stocks, government and corporate bonds, mutual funds, the purchase of put options on existing positions and writing of covered listed call options and such other options strategies that we may, from time to time, in our sole discretion make available for IRAs and which strategies are approved for your account by your broker and/or investment advisor. Investments not generating confirmations must be accompanied by additional written instructions and such other documentation as we may, in our sole discretion, require. We shall act as a stockbroker or dealer whenever such services are required. We may in our sole discretion make available to you additional investment offerings, which will be limited to publicly traded securities, mutual funds, money market instruments, and other investments that are obtainable by us and that we, in our sole discretion, determine that we are capable of holding in the ordinary course of our business.

We shall have the power and authority in the administration of this Agreement to do all acts, including by way of illustration but not in limitation of the powers conferred by law, the following:

- a) Pursuant to your or your agent's direction, to invest and reinvest all or any part of the assets in securities obtainable through us and to invest in any lawful investment which is administratively acceptable to us without any duty to diversify and without regard to whether such property is authorized by the laws of any jurisdiction for investment by us
- b) Pursuant to your or your agent's direction, to hold part or all of the uninvested assets or to place the same in a savings account approved by you or purchase a Certificate of Deposit with an institution approved by you
- c) To employ suitable agents and counsel and to pay them reasonable expenses and compensation
- d) Pursuant to your or your agent's direction, to vote in person or by proxy with respect to securities held by us and to delegate our discretionary power
- e) Pursuant to your or your agent's direction (and subject to approval of a custodial account for option trading privileges), to write covered listed call options against existing positions, to liquidate or close such option contracts, and to purchase put options on existing long positions (the same securities cannot be used to simultaneously cover more than one position)
- f) Pursuant to your or your agent's direction, to consent to or participate in dissolutions, reorganizations, consolidations, mergers, sales, leases, mortgages, and transfers or other changes affecting securities held by us
- g) To leave any securities or cash for safekeeping or on deposit, with or without interest, with such banks, brokers and other custodians as we may select, and to hold any securities in bearer form or in the name of these banks, brokers and any other custodians or in the name of the custodian without qualification or description or in the name of any nominee; and
- h) Prior to the entry of any orders to purchase or sell securities in your account, you or your agent shall approve beforehand all such orders and direct us to implement such instructions. Selling short and executing purchases in an amount greater than available cash are prohibited. All investments outside of the cash account shall be accompanied by additional written instructions

## **8.7 Beneficiaries**

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

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

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

If the beneficiary designated to receive payments hereunder is a minor or person of unsound mind, whether so formally adjudicated or not, we may, at our discretion, make such payments to such person as may be acting as parent, guardian, committee, conservator, trustee or legal representative of such minor or incompetent and the receipt by any such person as selected by us shall be a full and complete discharge of us for any sums so paid.

We reserve the right to, at our discretion, deposit funds in a special savings account established in our name as Custodian for a beneficiary when within six months after any payment is due because we cannot ascertain the whereabouts on our records, and such beneficiary has not submitted a written claim for such payment before the expiration of said six-month period.

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

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

#### **8.8 Required Minimum Distributions**

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

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

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

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

#### **8.9 Termination of Agreement, Resignation, or Removal of Custodian**

Either party may terminate this agreement at any time by giving written notice to the other. We can resign as custodian at any time effective 30 days after we send written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your IRA to another financial organization. If you do not complete a transfer of your IRA within 30 days from the date we send the notice to you, we have the right, but not the obligation, to transfer your IRA assets to a successor IRA trustee or custodian that we choose in our sole discretion, or we may pay your IRA to you in a single sum. We will not be liable for any actions or failures to act on the part of any successor trustee or custodian, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

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

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

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

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

#### **8.10 Successor Custodian**

If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion that includes your IRA) is bought by another organization, that organization (or agency) will automatically become the trustee or custodian of your IRA, but only if it is the type of organization authorized to serve as an IRA trustee or custodian.

#### **8.11 Amendments**

We have the right to amend this agreement at any time consistent with the provisions of applicable law without obtaining your consent, or the consent of your spouse or your beneficiary(ies). You will be deemed to have consented to any other amendment unless, within 30 days from the date we send the amendment, you notify us in writing that you do not consent.

#### **8.12 Withdrawals or Transfers**

All requests for withdrawal or transfer will be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing or in any other method acceptable to us. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals will be subject to all applicable tax and other laws and regulations, including but not limited to possible early distribution penalty taxes, surrender charges, and withholding requirements.

#### **8.13 Transfers from Other Plans**

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

#### **8.14 Liquidation of Assets**

We have the right to liquidate assets in your IRA if necessary, to make distributions or to pay fees, expenses, taxes, penalties, or surrender charges properly chargeable against your IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree to not hold us liable for any adverse consequences that result from our decision.

#### **8.15 Restrictions on the Fund**

Neither you nor any beneficiary may sell, transfer, or pledge any interest in your IRA in any manner whatsoever, except as provided by law or this agreement.

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

#### **8.16 What Law Applies**

This agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this agreement, the laws of the State of Texas shall govern.

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

#### **8.17 Arbitration**

**This agreement contains a Pre-dispute 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 liability 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 unless in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date
- 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
- g) The rules of the Arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement

The following Arbitration Agreement should be read in conjunction with the disclosures above. Any and all controversies, disputes or claims between the Customer and You, or the Introducing Broker and/or Investment Advisor, or the Agents, Representatives, Employees, Directors, Officers, or Control Persons of You or The Introducing Broker and/or Investment Advisor, Arising out of, in connection with, from or with respect to (a) Any provisions of or the validity of this agreement or any related agreements, (b) The relationship of the parties hereto, or (c) Any controversy arising out of your business, the Introducing Broker and/or Investment Advisor's business or the Customer's accounts, Shall be conducted pursuant to the code of Arbitration procedure of the Financial Industry Regulatory Authority ("FINRA"). Arbitration must be commenced by service of a written demand for Arbitration or a written Notice of Intention to Arbitrate. The decision and award of the Arbitrator(s) shall be conclusive and binding upon all parties and any judgment upon any award rendered may be entered in a court having jurisdiction thereof, and neither party shall oppose such entry.

**No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is de-certified; 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 agreement except to the extent stated herein.**

**8.18 Payment For Order Flow/Order Routing**

"Payment for order flow" is a common and widespread industry practice whereby a brokerage firm receives monetary or non-monetary remuneration in return for the routing of customer orders to a designated exchange, market maker, dealer, or market center for execution. Apex Clearing receives payment for order flow on certain transactions in the form of rebates, monetary compensation or an inter-company transfer of funds. Payment for order flow is considered to be compensation to Apex Clearing. Your broker and/or the introducing firm that clears its trades through Apex Clearing may or may not be compensated for such orders. The source and nature of any compensation received in connection with a specific transaction will be furnished upon written request of the customer.

Absent specific instructions from customers, Apex Clearing automatically routes orders in over-the-counter ("OTC") securities to selected OTC market makers. Selected exchange traded securities may be routed to affiliated specialists, regional exchanges or designated third-market dealers. All orders are routed to an exchange, market maker, dealer or market center that matches or improves upon the displayed national best bid or offer for the particular security at the time the order is processed. Price improvement opportunities, or execution at prices superior to the displayed national best bid or offer, may be available for certain transactions in NASDAQ and listed securities from execution destinations to which orders are routed.

**8.19 Assignability**

This Agreement shall inure to the benefit of our successors and assigns, shall be binding on you, your heirs, executors, administrators and assigns, and shall be governed by the laws of the State of Texas.

**8.20 Accounting**

Within 90 days from the close of each custodial account year, we shall render an accounting (valuing the assets fair market value) to you, which accounting may consist of copies of regularly issued broker-dealer statements to you. In the absence of the filing in writing with us of exceptions or objections to any such accounting, within 30 days after the mailing of such accounting, you shall be deemed to have approved such accounting. In such case, or upon your written approval, we shall be released, relieved and discharged with respect to all matters and things set forth in such accounting as though such accounting had been settled by the decree of a court of competent jurisdiction. No person other than you may require an accounting or bring any action against us with respect to this agreement or our actions as Custodian.

We reserve the right to apply to a court of competent jurisdiction for judicial settlement of our accounts, for determination of any questions of construction which may arise or for instructions. You shall be the only necessary party defendant to such action except we may, if we so elect, bring in as a party defendant any other person or persons.

## GENERAL INSTRUCTIONS

*Section References are to the Internal Revenue Code unless otherwise noted*

### PURPOSE OF FORM

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

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

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

### DEFINITIONS

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

### TRADITIONAL IRA FOR NON-WORKING SPOUSE

Form 5305-A may be used to establish the IRA custodial account for a non-working spouse.

Contributions to an IRA custodial account for a non-working spouse must be made to a separate IRA custodial account established by the non-working spouse.

## SPECIFIC INSTRUCTIONS

### Article IV

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

### Article VIII

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

## DISCLOSURE STATEMENT

### RIGHT TO REVOKE YOUR IRA

You have the right to revoke your IRA within seven (7) days of the receipt of the Disclosure Statement. If revoked, you are entitled to a full return of the contribution you made to your IRA. The amount returned to you would not include an adjustment for such items as sales commissions, administrative expenses, or fluctuation in market value. You may make this revocation only by mailing or delivering a written notice to the IRA Administrator, Apex Clearing Corporation, 350 North St. Paul Street 1300, Dallas, Texas 75201.

If you send your notice by first class mail, your revocation will be deemed mailed as of the date of the postmark, or if sent by certified or registered mail, it shall be deemed to be mailed as of the date of certification or registration. If mailed, the written notice of revocation shall be mailed in the United States in an envelope, or other appropriate wrapper, first-class mail with the postage prepaid.

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

### REQUIREMENTS OF A ROTH IRA

#### A. Cash Contributions

Your contribution must be in cash unless it is a rollover contribution.

#### B. Maximum Contribution

The total amount you may contribute to an IRA for any taxable year cannot exceed the lesser of 100 percent of your compensation or \$6,000 for 2019 and 2020, with possible cost-of-living adjustments each year thereafter. If you also maintain a Roth IRA (i.e., an IRA subject to the limits of Internal Revenue Code Section (IRC Sec.) 408A), the maximum contribution to your Traditional IRAs is reduced by any contributions you make to your Roth IRAs. Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent of your compensation.

Deposits received by us without an IRA Contribution Form will be deposited and reported to the IRS in accordance with the following policy:

1. Any deposit we receive below the IRS Annual Contribution Limit for your account will be deposited and reported to the IRS as Current Year Contributions (CYC). We will not aggregate deposits, and multiple deposits below the IRS limit will all be reported to the IRS as CYC and could result in an over-contribution in your account.
2. Deposits we receive above the IRS Annual Contribution Limit for your account will be deposited and reported to the IRS as Rollover Contributions.

#### C. Contribution Eligibility

For tax years beginning before 2020 you are eligible to make a regular contribution to your IRA if you have compensation and have not attained age 70½ by the end of the taxable year for which the contribution is made. For 2020 and later tax years, you may make a regular contribution to your IRA at any age if you have compensation.

#### D. Catch-Up Contributions

If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your IRA. The maximum additional contribution is \$1,000 per year.

#### E. Non-forfeiture

Your interest in your IRA is nonforfeitable.

#### F. Eligible Custodians

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

#### G. Commingling Assets

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

#### H. Life Insurance

No portion of your IRA may be invested in life insurance contracts.



## **I. Collectibles**

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

## **J. Required Minimum Distributions**

You are required to take minimum distributions from your IRA at certain times in accordance with Treasury Regulation 1.408-8. Below is a summary of the IRA distribution rules:

1. If you were born before July 1, 1949, you are required to take a minimum distribution from your IRA for the year in which you reach age 70½ and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age 70½.

If you were born on or after July 1, 1949, you are required to take a minimum distribution from your IRA for the year in which you reach age 72 and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age 72. The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the prior year by the applicable divisor.

2. The applicable divisor generally is determined using the Uniform Lifetime Table provided by the IRS. If your spouse is your sole designated beneficiary for the entire calendar year, and is more than 10 years younger than you, the required minimum distribution is determined each year using the actual joint life expectancy of you and your spouse obtained from the Joint Life Expectancy Table provided by the IRS, rather than the life expectancy divisor from the Uniform Lifetime Table.

We reserve the right to do any one of the following by your required beginning date:

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

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

## **K. Beneficiary Distributions**

Upon your death, your beneficiaries are required to take distributions according to IRC Sec. 401(a)(9) and Treasury Regulation 1.408-8. These requirements are described below.

### **1. Death of IRA Owner Before January 1, 2020**

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

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

If you die before your required beginning date, the entire amount remaining in your account will, at the election of your designated beneficiary(ies), either:

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

If your spouse is your sole designated beneficiary, he or she must elect either option (a) or (b) by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year life expectancy payments would be required to begin. Your designated beneficiary(ies), other than a spouse who is the sole designated beneficiary, must elect either option (a) or (b) by December 31 of the year following the year of your death. If no election is made, distribution will be calculated in accordance with option (b). In the case of distributions under option (b), distributions must commence by December 31 of the year following the year of your death. Generally, if your spouse is the designated beneficiary, distributions need not commence until December 31 of the year

you would have attained age 72 (age 70 ½ if you would have attained age 70 ½ before 2020), if later. If a beneficiary other than a person or qualified trust as defined in the Treasury Regulations is named, you will be treated as having no designated beneficiary(ies) of your IRA for purposes of determining the distribution period.

If there is no designated beneficiary of your IRA, the entire IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

## **2. Death of IRA Owner On or After January 1, 2020**

The entire amount remaining in your account will generally be distributed by December 31 of the year containing the tenth anniversary of your death unless you have an eligible designated beneficiary, or you have no designated beneficiary for purposes of determining a distribution period. This requirement applies to beneficiaries regardless of whether you die before, on, or after your required beginning date.

If your beneficiary is an eligible designated beneficiary, the entire amount remaining in your account may be distributed (in accordance with the Treasury Regulations) over the remaining life expectancy of your eligible designated beneficiary (or over a period not extending beyond the life expectancy of such beneficiary).

An eligible designated beneficiary is any designated beneficiary who is:

- Your surviving spouse
- Your child who has not reached the age of majority
- Disabled  
A physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration
- An individual who is not more than 10 years younger than you, or
- Chronically ill  
A chronically ill individual is someone who (1) is unable to perform (without substantial assistance from another individual) at least two activities of daily living for an indefinite period due to a loss of functional capacity, (2) has a level of disability similar to the level of disability described above requiring assistance with daily living based on loss of functional capacity, or (3) requires substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment.

Note that certain trust beneficiaries (e.g., certain trusts for disabled and chronically ill individuals) may take distribution of the entire amount remaining in your account over the remaining life expectancy of the trust beneficiary.

Generally, life expectancy distributions to an eligible designated beneficiary must commence by December 31 of the year following the year of your death. However, if your spouse is the eligible designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 72, if later. If your eligible designated beneficiary is your minor child, life expectancy payments must begin by December 31 of the year following the year of your death and continue until the child reaches the age of majority. Once the age of majority is reached, the beneficiary will have 10 years to deplete the account.

If a beneficiary other than a person (e.g., your estate, a charity, or a certain type of trust) is named, you will be treated as having no designated beneficiary of your IRA for purposes of determining the distribution period. If you die before your required beginning date and there is no designated beneficiary of your IRA, the entire IRA must be distributed by December 31 of the year containing the fifth anniversary of your death. If you die on or after your required beginning date and there is no designated beneficiary of your IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.

A spouse who is the sole designated beneficiary of your entire IRA will be deemed to elect to treat your IRA as his or her own by either (1) making contributions to your IRA or (2) failing to timely remove a required minimum distribution from your IRA. Regardless of whether or not the spouse is the sole designated beneficiary of your IRA, a spouse beneficiary may roll over his or her share of the assets to his or her own IRA.

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

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

## **L. Qualifying Longevity Annuity Contracts and RMDs**

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

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

For more information on QLACs, you may wish to refer to the IRS website at [www.irs.gov](http://www.irs.gov).

#### **M. Waiver of 2020 RMD**

In spite of the general rules described above, if you are an IRA owner age 70½ or older, you are not required to remove an RMD for calendar year 2020. This RMD waiver also applies to IRA owners who attained age 70½ in 2019 but did not take their first RMD before January 1, 2020. In addition, no beneficiary life expectancy payments are required for calendar year 2020. If the five-year rule applies to an IRA with respect to any decedent, the five-year period is determined without regard to calendar year 2020. For example, if an IRA owner died in 2017, the beneficiary's five-year period ends in 2023 instead of 2022.

### **INCOME TAX CONSEQUENCES OF ESTABLISHING AN IRA**

#### **A. IRA Deductibility**

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

##### **Definition of Active Participant**

Generally, you will be an active participant if you are covered by one or more of the following employer-sponsored retirement plans:

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

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

If you are an active participant, are single, and have MAGI within the applicable phase-out range listed below, the deductible amount of your contribution is determined as follows. (1) Begin with the appropriate phase-out range maximum for the applicable year (specified below) and subtract your MAGI; (2) divide this total by the difference between the phase-out maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30 with MAGI of \$66,000 in 2020, your maximum deductible contribution is \$5,400 (the 2020 phase-out range maximum of \$75,000 minus your MAGI of \$66,000, divided by the difference between the maximum and minimum phase-out range limits of \$10,000, and multiplied by the contribution limit of \$6,000).

If you are an active participant, are married to an active participant and you file a joint income tax return and have MAGI within the applicable phase-out range listed below, the deductible amount of your contribution is determined as follows. (1) Begin with the appropriate phase-out maximum for the applicable year (specified below) and subtract your MAGI; (2) divide this total by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30 with MAGI of \$107,000 in 2020, your maximum deductible contribution is \$5,100 (the 2020 phase-out maximum of \$124,000 minus your MAGI of \$107,000, divided by the difference between the maximum and minimum phase-out limits of \$20,000, and multiplied by the contribution limit of \$6,000).

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

TAX YEAR	JOINT FILERS PHASE-OUT RANGE* (Minimum – Maximum)	SINGLE TAXPAYERS PHASE-OUT RANGE* (Minimum – Maximum)
2013	\$95,000 - \$115,000	\$59,000 - \$69,000
2014	\$96,000 - \$116,000	\$60,000 - \$70,000
2015	\$98,000 - \$118,000	\$61,000 - \$71,000
2016	\$98,000 - \$118,000	\$61,000 - \$71,000
2017	\$99,000 - \$119,000	\$62,000 - \$72,000
2018	\$101,000 - \$121,000	\$63,000 - \$73,000
2019	\$103,000 - \$123,000	\$64,000 - \$74,000
2020	\$104,000 - \$124,000	\$65,000 - \$75,000

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

The MAGI phase-out range for an individual that is not an active participant, but is married to an active participant, is \$193,000–\$203,000 (for 2019) and \$196,000–\$206,000 (for 2020). This limit is also subject to cost-of-living increases for tax years after 2020. If you are not an active participant in an employer-sponsored retirement plan, are married to someone who is an active participant, and you file a joint income tax return with MAGI between the applicable phase-out range for the year, your maximum deductible contribution is determined as follows:

1. Begin with the appropriate MAGI phase-out maximum for the year and subtract your MAGI
2. Divide this total by the difference between the phase-out range maximum and minimum; and
3. Multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older.

The resulting figure will be the maximum IRA deduction you may take.

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

#### B. Contribution Deadline

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

If you are a member of the Armed Forces serving in a combat zone, hazardous duty area, or contingency operation, you may have an extended contribution deadline of 180 days after the last day served in the area. In addition, your contribution deadline for a particular tax year is also extended by the number of days that remained to file that year's tax return as of the date you entered the combat zone. This additional extension to make your IRA contribution cannot exceed the number of days between January 1 and your tax filing deadline, not including extensions.

#### C. Tax Credit for Contributions

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

- Age 18 or older as of the close of the taxable year,
- Not a dependent of another taxpayer, and
- Not a full-time student

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

2019 Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1–38,500	\$1–28,875	\$1–19,250	50%
\$38,501–41,500	\$28,876–31,125	\$19,251–20,750	20%
\$41,501–64,000	\$31,126–48,000	\$20,751–32,000	10%
Over \$64,000	Over \$48,000	Over \$32,500	0%

2020 Adjusted Gross Income*			Applicable Percentage
Joint Return	Head of a Household	All Other Cases	
\$1–39,000	\$1–29,250	\$1–19,500	50%
\$39,001–42,500	\$29,251–31,875	\$19,501–21,250	20%
\$42,501–65,000	\$31,876–48,750	\$21,251–32,500	10%
Over \$65,000	Over \$48,750	Over \$32,500	0%

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

#### D. Excess Contributions

An excess contribution is any amount that is contributed to your IRA that exceeds the amount that you are eligible to contribute. If the excess is not corrected timely, an additional penalty tax of six percent will be imposed upon the excess amount. The procedure for correcting an excess is determined by the timeliness of the correction as identified below:

##### 1. Removal Before Your Tax Filing Deadline

An excess contribution may be corrected by withdrawing the excess amount, along with the earnings attributable to the excess, before your tax filing deadline, including extensions, for the year for which the excess contribution was made. An excess withdrawn under this method is not taxable to you, but you must include the earnings attributable to the excess in your taxable income in the year in which the contribution was made. The six percent excess contribution penalty tax will be avoided.

##### 2. Removal After Your Tax Filing Deadline

If you are correcting an excess contribution after your tax filing deadline, including extensions, remove only the amount of the excess contribution. The six percent excess contribution penalty tax will be imposed on the excess contribution for each year it remains in the IRA. An excess withdrawal under this method will only be taxable to you if the total contributions made in the year of the excess exceed the annual applicable contribution limit.

##### 3. Carry Forward to a Subsequent Year

If you do not withdraw the excess contribution, you may carry forward the contribution for a subsequent tax year. To do so, you under-contribute for that tax year and carry the excess contribution amount forward to that year on your tax return. The six percent excess contribution penalty tax will be imposed on the excess amount for each year that it remains as an excess contribution at the end of the year.

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

#### E. Tax-Deferred Earnings

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

#### F. Nondeductible Contributions

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

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

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

#### G. Taxation of Distributions

The taxation of IRA distributions depends on whether or not you have ever made nondeductible IRA contributions. If you have only made deductible contributions, all IRA distribution amounts will be included in income.

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

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

**Note:** Aggregate nondeductible contributions include all nondeductible contributions made by you through the end of the year of the distribution that have not previously been withdrawn and excluded from income. Also note that the aggregate IRA balance includes the total balance of all of your Traditional and SIMPLE IRAs as of the end of the year of distribution and any distributions occurring during the year.

#### **H. Income Tax Withholding**

Any withdrawal from your IRA is subject to federal income tax withholding. You may, however, elect not to have withholding apply to your IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.

#### **I. Early Distribution Penalty Tax**

If you receive an IRA distribution before you attain age 59½, an additional early distribution penalty tax of 10 percent will apply to the taxable amount of the distribution unless one of the following exceptions apply:

##### **1. Death**

After your death, payments made to your beneficiary are not subject to the 10 percent early distribution penalty tax.

##### **2. Disability**

If you are disabled at the time of distribution, you are not subject to the additional 10 percent early distribution penalty tax. In order to be disabled, a physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration.

##### **3. Substantially equal periodic payments**

You are not subject to the additional 10 percent early distribution penalty tax if you are taking a series of substantially equal periodic payments (at least annual payments) over your life expectancy or the joint life expectancy of you and your beneficiary. You must continue these payments for the longer of five years or until you reach age 59½.

##### **4. Unreimbursed medical expenses**

If you take payments to pay for unreimbursed medical expenses that exceed a specified percentage of your adjusted gross income, you will not be subject to the 10 percent early distribution penalty tax. For further detailed information and effective dates you may obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS. The medical expenses may be for you, your spouse, or any dependent listed on your tax return.

##### **5. Health insurance premiums**

If you are unemployed and have received unemployment compensation for 12 consecutive weeks under a federal or state program, you may take payments from your IRA to pay for health insurance premiums without incurring the 10 percent early distribution penalty tax.

##### **6. Higher education expense**

Payments taken for certain qualified higher education expenses for you, your spouse, or the children or grandchildren of you or your spouse, will not be subject to the 10 percent early distribution penalty tax.

##### **7. First-time homebuyer**

You may take payments from your IRA to use toward qualified acquisition costs of buying or building a principal residence. The amount you may take for this reason may not exceed a lifetime maximum of \$10,000. The payment must be used for qualified acquisition costs within 120 days of receiving the distribution.

##### **8. IRS levy**

Payments from your IRA made to the U.S. government in response to a federal tax levy are not subject to the 10 percent early distribution penalty tax.

##### **9. Qualified reservist distributions**

If you are a qualified reservist member called to active duty for more than 179 days or an indefinite period, the payments you take from your IRA during the active duty period are not subject to the 10 percent early distribution penalty tax.

##### **10. Qualified birth or adoption**

Payments from your IRA for the birth of your child or the adoption of an eligible adoptee will not be subject to the 10 percent early distribution penalty tax if the distribution is taken during the one-year period beginning on the date of birth of your child or the date on which your legal adoption of an eligible adoptee is finalized. An eligible adoptee means any individual (other than your spouse's child) who has not attained age 18 or is physically or mentally incapable of self-support. The aggregate amount you may take for this reason may not exceed \$5,000 for each birth or adoption.

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

## **J. Rollovers and Conversions**

Your IRA may be rolled over to another IRA, SIMPLE IRA, or an eligible employer-sponsored retirement plan of yours, may receive rollover contributions, or may be converted to a Roth IRA, provided that all of the applicable rollover and conversion rules are followed. Rollover is a term used to describe a movement of cash or other property to your IRA from another IRA, or from your employer's qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan. The amount rolled over is not subject to taxation or the additional 10 percent early distribution penalty tax. Conversion is a term used to describe the movement of Traditional IRA assets to a Roth IRA. A conversion generally is a taxable event. The general rollover and conversion rules are summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.

### **1. Traditional IRA to Traditional IRA Rollovers**

Assets distributed from your Traditional IRA may be rolled over to the same Traditional IRA or another Traditional IRA of yours if the requirements of IRC Sec. 408(d)(3) are met. A proper IRA--to--IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60--day rollover period may be extended to 120 days.

You are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12--month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may wish to obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

### **2. SIMPLE IRA to Traditional IRA Rollovers**

Assets distributed from your SIMPLE IRA may be rolled over to your Traditional IRA without IRS penalty tax provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with Traditional IRA to Traditional IRA rollovers, the requirements of IRC Sec. 408(d)(3) must be met. A proper SIMPLE IRA to IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received.

You are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may wish to obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

### **3. Employer-Sponsored Retirement Plan to Traditional IRA Rollovers**

You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer-sponsored retirement plan. An eligible rollover distribution is defined generally as any distribution from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan unless it is a required minimum distribution, hardship distribution, part of a certain series of substantially equal periodic payments, corrective distributions of excess contributions, excess deferrals, excess annual additions and any income allocable to the excess, deemed loan distribution, dividends on employer securities, the cost of life insurance coverage, or a distribution of Roth elective deferrals from a 401(k), 403(b), governmental 457(b), or federal Thrift Savings Plan.

If you elect to receive your rollover distribution prior to placing it in an IRA, thereby conducting an indirect rollover, your plan administrator generally will be required to withhold 20 percent of your distribution as a payment of income taxes. When completing the rollover, you may make up out of pocket the amount withheld and roll over the full amount distributed from your employer-sponsored retirement plan.

To qualify as a rollover, your eligible rollover distribution generally must be rolled over to your IRA not later than 60 days after you receive the distribution. In the case of a plan loan offset due to plan termination or severance from employment, the deadline for completing the rollover is your tax return due date (including extensions) for the year in which the offset occurs. Alternatively, you may claim the withheld amount as income, and pay the applicable income tax, and if you are under the age of 59½, the 10 percent early distribution penalty tax (unless an exception to the penalty applies).

As an alternative to the indirect rollover, your employer generally must give you the option to directly roll over your employer-sponsored retirement plan balance to an IRA. If you elect the direct rollover option, your eligible rollover distribution will be paid directly to the IRA (or other eligible employer- sponsored retirement plan) that you designate. The 20 percent withholding requirements do not apply to direct rollovers.

**4. Beneficiary Rollovers from Employer-Sponsored Retirement Plans**

If you are a spouse or non-spouse beneficiary of a deceased employer-sponsored retirement plan participant, or the trustee of an eligible type of trust named as beneficiary of such participant, you may directly roll over inherited assets from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan to an inherited IRA, as permitted by the IRS. The IRA must be maintained as an inherited IRA, subject to the beneficiary distribution requirements.

**5. Traditional IRA-to-SIMPLE IRA Rollovers**

Assets distributed from your Traditional IRA may be rolled over to a SIMPLE IRA if the requirements of IRC Sec. 408(d)(3) are met and two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. A proper Traditional IRA-to-SIMPLE IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days.

You are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

**6. Traditional IRA to Employer-Sponsored Retirement Plan Rollovers**

You may roll over, directly or indirectly, any taxable eligible rollover distribution from an IRA to your qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan as long as the employer-sponsored retirement plan accepts such rollover contributions.

**7. Traditional IRA to Roth IRA Conversions**

If you convert to a Roth IRA, the amount of the conversion from your Traditional IRA to your Roth IRA will be treated as a distribution for income tax purposes and is includible in your gross income (except for any nondeductible contributions). Although the conversion amount generally is included in income, the 10 percent early distribution penalty tax will not apply to conversions from a Traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent penalty tax. If you are required to take a required minimum distribution for the year, you must remove your required minimum distribution before converting your Traditional IRA.

**8. Qualified HSA Funding Distribution**

If you are eligible to contribute to a health savings account (HSA), you may be eligible to take a one-time tax-free qualified HSA funding distribution from your IRA and directly deposit it to your HSA. The amount of the qualified HSA funding distribution may not exceed the maximum HSA contribution limit in effect for the type of high deductible health plan coverage (i.e., single or family coverage) that you have at the time of the deposit and counts toward your HSA contribution limit for that year. For further detailed information, you may wish to obtain IRS Publication 969, *Health Savings Accounts and Other Tax Favored Health Plans*.

**9. Rollovers of Settlement Payments from Bankrupt Airlines**

If you are a qualified airline employee who has received a qualified airline settlement payment from a commercial airline carrier under the approval of an order of a federal bankruptcy court, you are allowed to roll over up to 90 percent of the proceeds into your Traditional IRA within 180 days after receipt of such amount, or by a later date if extended by federal law.

If you make such a rollover contribution, you may exclude the amount rolled over from your gross income in the taxable year in which the airline settlement payment was paid to you. For further detailed information and effective dates you may obtain IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

**10. Rollovers of Exxon Valdez Settlement Payments**

If you receive a qualified settlement payment from Exxon Valdez litigation, you may roll over the amount of the settlement, up to \$100,000, reduced by the amount of any qualified Exxon Valdez settlement income previously contributed to a Traditional or Roth IRA or eligible retirement plan in prior taxable years. You will have until your tax return due date (not including extensions) for the year in which the qualified settlement income is received to make the rollover contribution. To obtain more information on this type of rollover, you may wish to visit the IRS website at [www.irs.gov](http://www.irs.gov).

**11. Rollover of IRS Levy**

If you receive a refund of eligible retirement plan assets that had been wrongfully levied, you may roll over the amount returned up until your tax return due date (not including extensions) for the year in which the money was returned.



## **12. Repayment of Qualified Birth or Adoption Distribution**

If you have taken a qualified birth or adoption distribution, you may generally repay all or a portion of the aggregate amount of such distribution to an IRA, as permitted by the IRS. For further information, you may wish to obtain IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, by visiting [www.irs.gov](http://www.irs.gov).

## **13. Written Election**

At the time you make a proper rollover to an IRA, you must designate in writing to the custodian, Apex Clearing, your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable. Deposits in excess of the annual contribution limits that are received without IRA Contribution Forms will be deposited and reported to the IRS as Rollover contributions. Please note that due to the IRS mandated correction filing deadline of July 31, requests to make changes to contribution coding must be received by the close of business on the last business day in June and accompanied by a completed IRA Contribution Form. Any correction that needs to be made after this reporting deadline will be the responsibility of the IRA Owner and must be handled directly with the IRS.

## **K. Transfer Due to Divorce**

If all or any part of your IRA is awarded to your spouse or former spouse in a divorce or legal separation proceeding, the amount so awarded will be treated as the spouse's IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another IRA of your spouse) and will not be considered a taxable distribution to you. A transfer is a tax-free direct movement of cash and/or property from one Traditional IRA to another.

## **L. Recharacterizations**

If you make a contribution to a Traditional IRA and later recharacterize either all or a portion of the original contribution to a Roth IRA along with net income attributable, you may elect to treat the original contribution as having been made to the Roth IRA. The same methodology applies when recharacterizing a contribution from a Roth IRA to a Traditional IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions) for the year for which the original contribution was made. You may not recharacterize a Roth IRA conversion.

## **LIMITATIONS AND RESTRICTIONS**

### **A. SEP Plans**

Under a simplified employee pension (SEP) plan that meets the requirements of IRC Sec. 408(k), your employer may make contributions to your IRA. Your employer is required to provide you with information that describes the terms of your employer's SEP plan.

### **B. Spousal IRA**

For contributions made for tax years beginning before 2020, if you are married and have compensation, you may contribute to an IRA established for the benefit of your spouse for any year prior to the year your spouse turns age 70½, regardless of whether or not your spouse has compensation. For contributions made for 2020 and later tax years, you may contribute to an IRA established for the benefit of your spouse regardless of your spouse's age if you are married and have compensation. You may make these spousal contributions even if you are age 70½ or older. You must file a joint income tax return for the year for which the contribution is made.

The amount you may contribute to your IRA and your spouse's IRA is the lesser of 100 percent of your combined eligible compensation or \$12,000 for 2019 and 2020. This amount may be increased with cost-of-living adjustments each year. However, you may not contribute more than the individual contribution limit to each IRA.

If your spouse is age 50 or older by the close of the taxable year, and is otherwise eligible, you may make an additional contribution to your spouse's IRA. The maximum additional contribution is \$1,000 per year.

### **C. Deduction of Rollovers and Transfers**

A deduction is not allowed for rollover or transfer contributions.

### **D. Gift Tax**

Transfers of your IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under IRC Sec. 2501.

### **E. Special Tax Treatment**

Capital gains treatment and 10-year income averaging authorized by IRC Sec. 402 do not apply to IRA distributions.

**F. Prohibited Transactions**

If you or your beneficiary engage in a prohibited transaction with your IRA, as described in IRC Sec. 4975, your IRA will lose its tax-deferred status, and you must include the value of your account in your gross income for that taxable year. The following transactions are examples of prohibited transactions with your IRA. (1) Taking a loan from your IRA (2) Buying property for personal use (present or future) with IRA assets (3) Receiving certain bonuses or premiums because of your IRA.

**G. Pledging**

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

**OTHER**

**A. IRS Plan Approval**

Articles I through VII of the agreement used to establish this IRA have been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.

**B. Additional Information**

For further information on IRAs, you may wish to obtain IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, or Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, by calling 800-TAX-FORM, or by visiting [www.irs.gov](http://www.irs.gov).

**C. Important Information About Procedures for Opening a New Account**

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. Therefore, when you open an IRA, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.

**D. Qualified Reservist Distributions**

If you are an eligible qualified reservist who has taken penalty-free qualified reservist distributions from your IRA or retirement plan, you may recontribute those amounts to an IRA generally within a two-year period from your date of return.

**E. Qualified Charitable Distributions**

If you are age 70½ or older, you may be eligible to take tax-free IRA distributions of up to \$100,000 per year and have these distributions paid directly to certain charitable organizations. Special tax rules may apply. For further detailed information you may obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

**F. Disaster Related Relief**

If you qualify (for example, you sustained an economic loss due to, or are otherwise considered affected by, certain disasters designated by Congress), you may be eligible for favorable tax treatment on distributions, rollovers, and other transactions involving your IRA. Qualified disaster relief may include penalty-tax free early distributions made during specified timeframes for each disaster, the ability to include distributions in your gross income ratably over multiple years, the ability to roll over distributions to an eligible retirement plan without regard to the 60-day rollover rule, and more. For additional information on specific disasters, including a complete listing of disaster areas, qualification requirements for relief, and allowable disaster-related IRA transactions, you may wish to obtain IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at [www.irs.gov](http://www.irs.gov).

**G. Coronavirus-Related Distributions (CRDs)**

If you qualify, you may withdraw up to \$100,000 in aggregate from your IRAs and eligible retirement plans as a CRD, without paying the 10 percent early distribution penalty tax. You are a qualified individual if you (or your spouse or dependent) is diagnosed with the COVID-19 disease or the SARS-CoV-2 virus in an approved test; or if you have experienced adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reduced hours of a business owned or operated by you due to such virus or disease, or other factors as determined by the IRS. A CRD must be made on or after January 1, 2020, and before December 31, 2020.

CRDs will be taxed ratably over a three-year period, unless you elect otherwise, and may be repaid over three years beginning with the day following the day a CRD is made. Repayments may be made to an eligible retirement plan or IRA.

An eligible retirement plan is defined as a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or an IRA.

## FINANCIAL DISCLOSURE

Apex Clearing Corporation may charge your broker and/or investment advisor a fee. Please contact your broker and/or investment advisor for information regarding these charges.

### SERVICE FEES

We have the right to charge an annual service fee and other designated fees (e.g., a transfer, rollover, or termination fee) in conjunction with your IRA. In addition, we have the right to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your IRA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your IRA at our discretion. The full annual service fee attributable to the year in which you terminate your IRA, along with the termination fee, shall be due and payable upon termination of your IRA regardless of the date during the year in which you terminate your IRA. We reserve the right to charge any additional fee upon 30 days' notice to you that the fee will be effective. Fees such as sub transfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this IRA.

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

The value of your IRA will be solely dependent upon the performance of any investment instrument chosen by you to fund your IRA. Therefore, no projection of the growth of your IRA can be reasonably shown or guaranteed. There are certain fees and charges associated with the investments you may select for your IRA. In the event this agreement is terminated, or you transfer out of your existing IRA, a fee will apply. Additionally, brokerage commissions may apply according to your selection of investments. Questions relative to brokerage commission(s) should be discussed with your broker and/or investment advisor prior to executing any orders or you may refer to the prospectus which will describe the terms of the investment you choose.

You will select the type of investment for your IRA assets, provided, however, that your selection of investments shall be limited to any investment vehicle obtainable by us, that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact, in our sole discretion offer for investment in IRAs. For example, investments may include but shall not be limited to common stocks, government and corporate bonds, mutual funds, the purchase of put options on existing positions and writing of covered listed call options and such other options strategies that we may, from time to time, in our sole discretion make available for IRAs and which strategies are approved for your account by your broker and/or investment advisor. Investments not generating confirmations must be accompanied by additional written instructions and such other documentation as we may, in our sole discretion, require. We shall act as a stockbroker or dealer whenever such services are required. We may, in our sole discretion, make available to you, additional investment offerings, which shall be limited to publicly traded securities, mutual funds, money market instruments and other investments that are obtainable by us and that we, in our sole discretion, determine that we are capable of holding in the ordinary course of our business.

### TRUSTED CONTACT

"Under FINRA Rule 4512 Apex Clearing Corporation is required to disclose to you (the customer) that Apex Clearing Corporation or an associated person of Apex Clearing Corporation is authorized to contact the trusted contact person and disclose information about the customer's account to address possible financial exploitation, to confirm the specifics of the customer's current contact information, health status, or the identity of any legal guardian, executor, trustee or holder of a power of attorney, or as otherwise permitted by FINRA Rule 2165."

### ACH AGREEMENT

If I request Automated Clearinghouse ("ACH") transactions from my Account at Clearing Firm, I authorize Clearing Firm to originate or facilitate transfer credits/debits to/from my eligible bank account. Transactions sent through the NACHA network will be subject to all applicable rules of NACHA and all rules set forth in Federal Reserve Operating circulars or other applicable laws and regulations. ACH deposits to my brokerage account are provisional. If the beneficiary bank does not receive final and complete payment for a payment order transferred through ACH, the beneficiary bank is entitled to recover from the beneficiary any provisional credit and Clearing Firm may charge my account for the transaction amount. I understand Clearing Firm or my Broker may not notify me of any returned or rejected ACH transfers. I agree to hold Clearing Firm and Clearing Firm's agents free of liability for compliance with these instructions. I hereby agree to hold harmless Clearing Firm and each of its affiliates, offices, directors, employees, and agents against, any claims, judgments, expenses, liabilities or costs of defense or settlement relating to: (a) any refusal or failure to initiate or honor any credit or debit request, by Clearing Firm or my Broker, whether (i) due to a lack of funds necessary to credit my account; (ii) due to inadvertence, error caused by similarity of account holder names or (iii) otherwise provided Clearing Firm has not acted in bad faith; (b) if the routing number is incorrect or the routing number or other information changes at another U.S. financial institution or (c) any loss, damage, liability or claim arising, directly or indirectly, from any error, delay or failure which is caused by circumstances beyond Clearing Firm's direct control. To the extent permitted by applicable law or regulation, Clearing Firm hereby disclaims all warranties, express or implied, and in no event shall Clearing Firm be liable for any special indirect, incidental, or consequential damages whatsoever resulting from the ACH electronic service or any ACH transactions. Nothing in this herein shall constitute a commitment or undertaking by Clearing Firm or my Broker to effect any ACH transaction or otherwise act upon my instructions or those of my Broker with respect to any account at Clearing Firm. This authorization shall remain in full force and effect until I revoke authorization by written notification to my Broker that is forwarded to Clearing Firm. I understand that Clearing Firm has the right to terminate or suspend the ACH agreement at any time and without notice.

## PRIVACY POLICY

Apex Clearing Corporation ("Apex") carries your account as a clearing broker by arrangement with your broker-dealer or registered investment advisor as Apex's introducing client. At Apex, we understand that privacy is an important issue for customers of our introducing firms. It is our policy to respect the privacy of all accounts that we maintain as clearing broker and to protect the security and confidentiality of non-public personal information relating to those accounts. Please note that this policy generally applies to former customers of Apex as well as current customers.

### Personal Information Collected

In order to service your account as a clearing broker, information is provided to Apex by your introducing firm who collects information from you in order to provide the financial services that you have requested. The information collected by your introducing firm and provided to Apex or otherwise obtained by Apex may come from the following sources and is not limited to:

- Information included in your applications or forms, such as your name, address, telephone number, social security number, occupation, and income
- Information relating to your transactions, including account balances, positions, and activity
- Information which may be received from consumer reporting agencies, such as credit bureau reports
- Information relating to your creditworthiness
- Information which may be received from other sources with your consent or with the consent of your introducing firm

In addition to servicing your account, Apex may make use of your personal information for analysis purposes, for example, to draw conclusions, detect patterns or determine preferences.

### Sharing of Non-public Personal Information

Apex does not disclose non-public personal information relating to current or former customers of introducing firms to any third parties, except as required or permitted by law, including but not limited to any obligations of Apex under the USA PATRIOT Act, and in order to facilitate the clearing of customer transactions in the ordinary course of business.

Apex has multiple affiliates and relationships with third party companies. Examples of these companies include financial and non-financial companies that perform services such as data processing and companies that perform securities executions on your behalf. We may share information among our affiliates and third parties, as permitted by law, in order to better service your financial needs and to pursue legitimate business interests, including to carry out, monitor and analyze our business, systems and operations.

### Security

Apex strives to ensure that our systems are secure and that they meet industry standards. We seek to protect non-public personal information that is provided to Apex by your introducing firm or otherwise obtained by Apex by implementing physical and electronic safeguards. Where we believe appropriate, we employ firewalls, encryption technology, user authentication systems (i.e. passwords and personal identification numbers) and access control mechanisms to control access to systems and data. Apex endeavors to ensure that third party service providers who may have access to non-public personal information are following appropriate standards of security and confidentiality. Further, we instruct our employees to use strict standards of care in handling the personal financial information of customers. As a general policy, our staff will not discuss or disclose information regarding an account except; 1) with authorized personnel of your introducing firm, 2) as required by law or pursuant to regulatory request, or 3) as authorized by Apex to a third party or affiliate providing services to your account or pursuing Apex's legitimate business interests.

### Access to Your Information

You may access your account information through a variety of media offered by your introducing firm and Apex (i.e., statements or online services). Please contact your introducing firm if you require any additional information. Apex may use "cookies" in order to provide better service, to facilitate its customers' use of the website, to track usage of the website, and to address security hazards. A cookie is a small piece of information that a website stores on a personal computer, and which it can later retrieve.

### Changes to Apex's Privacy Policy

Apex reserves the right to make changes to this policy.

### How to Get in Touch with Apex about this Privacy Policy

For reference, this Privacy Policy is available on our website at [www.apexclearing.com](http://www.apexclearing.com). For more information relating to Apex's Privacy Policy or to limit our sharing of your personal information, please contact:

Apex Clearing Corporation  
Attention: Compliance  
350 North St. Paul Street, Suite 1300  
Dallas, Texas 75201  
(214) 765-1055



## SEP Summary for Employees

Please read together with your *Employee Information Booklet*.

### ESTABLISHMENT OF SEP PLAN

Your Employer has adopted a type of Employee benefit plan known as a simplified employee pension (SEP) plan. To become a Participant in the Plan, you must meet the Plan's eligibility requirements specified below. Once you become a Participant, you are entitled to receive a certain share of the amounts your Employer contributes to the Plan. All contributions will be deposited into a Traditional IRA for you. Contributions made to the Plan for you are yours to keep. These features of the Plan are explained further in the accompanying *Employee Information Booklet*.

The actual Plan is a complex legal document that has been written in a manner required by the Internal Revenue Service. The *SEP Summary for Employees*, however, is designed to explain and summarize the important features of the Plan. If you have any questions or need additional information about the Plan, consult \_\_\_\_\_.  
(Name of Employer Representative)

You may examine the Plan itself at a reasonable time by making arrangements with the above-mentioned representative of your Employer.

### EMPLOYER INFORMATION

Name of Adopting Employer \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Telephone \_\_\_\_\_ Plan Year End \_\_\_\_\_

### EFFECTIVE DATES

The Effective Date of this SEP Plan is \_\_\_\_\_.  
If this is a restatement of an existing SEP Plan (a Prior Plan), the Prior Plan was initially effective on \_\_\_\_\_. The Effective Date of this restatement is \_\_\_\_\_.

### ELIGIBILITY

**Employer Contributions:** Your Employer is not required to make contributions to the Plan. However, if a contribution is made, your IRA will receive a share of that contribution if you are an "eligible" Employee and if you have met the age and service requirements set forth below.

**Eligible Employees:** Under the SEP Plan, all Employees can participate except the classifications of Employees checked below:

- ☐ Those Employees covered by the terms of a collective bargaining agreement (a union agreement) where retirement benefits were negotiated.
- ☐ Those Employees who are nonresident aliens who received no United States earned income from the Employer.
- ☐ Those Employees that are determined to be acquired Employees as a result of an acquisition or similar transaction with the Employer as described in the Code (during the transition period only).
- ☐ Those Employees who did not earn at least \$772\*4234\*CP F\*4235\* from the Employer during the year. (This amount is subject to cost-of-living adjustments.)

**Age Requirement:** You must be at least \_\_\_\_\_ years old.

All Employees will be considered to have met the age and service requirements described above if employed on the Effective Date of this SEP Plan. ☐ Yes ☐ No

**Service Requirement:** You must have worked for your Employer in at least \_\_\_\_\_ (must be 0, 1, 2, or 3) of the immediately preceding five years.

### CONTRIBUTION FORMULA

The amount of the Employer Contribution, if any, will be determined according to the formula selected below:

- ☐ **Discretionary:** An amount determined each year by the Employer.
- ☐ **Fixed Percent of Profits Formula:** \_\_\_\_\_ % of the Employer's profits in excess of \$ \_\_\_\_\_.
- ☐ The Employer will not make Employer contributions to the SEP Plan.

Any Employer Contribution will be allocated to your IRA in accordance with the formula selected below:

- ☐ **Pro Rata Formula:** Each eligible Employee will receive a pro rata portion of the Employer Contribution equal to the ratio of his or her Compensation to the total Compensation of all eligible Employees. Thus, the contribution will be the same percentage of Compensation for all Employees.
- ☐ **Flat Dollar Formula:** The Employer Contribution for all eligible Employees will be the same dollar amount.
- ☐ **Integrated Formula:** Integration allows contribution percentages among eligible Employees to vary. Details about integration are provided in your *Employee Information Booklet*. The integration level is:
  - ☐ The Taxable Wage Base (TWB); or
  - ☐ \_\_\_\_\_ % of the TWB.

# Eligibility Form

The following questions are designed to help you, the Employer, along with your attorney and tax advisor, determine if you are eligible to adopt a SEP Plan. Answer the following questions:

- |                     | YES                      | NO                       |   |
|---------------------|--------------------------|--------------------------|---|
| <b>REQUIREMENTS</b> | <input type="checkbox"/> | <input type="checkbox"/> | 1. Do you own or control a business from which your personal services are an income producing factor?<br><i>If the answer is NO, STOP. You are not eligible to establish this Plan.</i> |
|                     | <input type="checkbox"/> | <input type="checkbox"/> | 2. Is the business a member of a controlled group of corporations, businesses, or trades, (whether or not incorporated) within the meaning of IRC Section 414(b) or 414(c)?             |
|                     | <input type="checkbox"/> | <input type="checkbox"/> | 3. Is the business a member of an affiliated service group within the meaning of IRC Section 414(m)?  |
|                     | <input type="checkbox"/> | <input type="checkbox"/> | 4. Does the business use the services of leased employees within the meaning of IRC Section 414(n)?   |

If you answered any of the above questions 2 through 4 YES, you may have to include the leased employees and/or Employees of the other business(es) in this Plan. Consult your tax advisor to determine what additional action, if any, you must take.

## **SIGNATURE    IMPORTANT: Please read before signing:**

- I certify that:
1. I am an authorized representative of the Employer and the Employer is eligible to establish the SEP Plan of the Prototype Sponsor.
  2. In determining my eligibility to adopt this Plan, I relied solely upon the advice of my own advisors.
  3. I agree not to hold the Prototype Sponsor responsible for any liabilities I may suffer as a result of being found ineligible to establish this Plan.

DATE EXECUTED \_\_\_\_\_

TYPE NAME OF EMPLOYER \_\_\_\_\_

SIGNATURE OF EMPLOYER \_\_\_\_\_



## Standard Employee Pension Plan ABOUT THE SEP PLAN

### WHAT IS A SEP PLAN?

A simplified employee pension (SEP) plan is a type of retirement plan which allows you, the Employer, to provide an important benefit to the Employees of your business (including yourself if you perform services for the business). An “Employer” may be a sole proprietor, partnership, or corporation. Amounts you contribute for your Employees under the SEP plan are deposited into your Employees’ Traditional IRAs.

### SEP PLAN HIGHLIGHTS

**Tax Advantages:** SEP plan contributions you make to your own IRA and your Employees’ IRAs are tax deductible to you, the Employer. Because SEP plan contributions are made to an IRA, all earnings are tax-deferred, meaning the earnings are not taxed until they are withdrawn from the IRA. In addition, a SEP plan helps you attract and retain quality Employees while you help meet the increasing need for financial security at retirement.

**Eligibility Requirements:** Not all Employees have to be covered under a SEP plan. At your option, you can exclude Employees who have not reached age 21, those who have not worked for you during at least three of the immediately preceding five years, and those who earn less than \$750 per year. (This amount is subject to cost-of-living adjustments.) In addition, you may exclude Employees who are nonresident aliens, certain union members, and acquired Employees (during a transaction period only).

**Contributions:** Each year you may decide if you want to make a SEP plan contribution. The maximum contribution which can be made each year for any Employee is 25 percent of Compensation or \$72,000 (2034), \$73,000 (2035), (this amount is subject to cost-of-living adjustments), whichever is less.

You have until the due date for filing your business’s tax return (plus extensions) to make contributions to your SEP Plan.

**Place of Deposit:** All contributions made under the Plan must be deposited into each eligible Employee’s IRA.

**Integration:** This Plan allows you to integrate your contributions with Social Security under the “permitted disparity” rules. If your Plan is integrated, contributions made for higher paid Employees may be greater (as a percentage of their pay) than contributions made for lower paid Employees.

**Distributions:** Once SEP plan contributions are made, the normal IRA rules apply. For example, all earnings are tax-deferred until they are withdrawn from the IRA and required minimum distributions must begin by April 1 of the year following the year the IRA holder reaches age 70½.

### WHAT ABOUT PLAN SET UP?

A SEP plan is easy to set up and administer. As the Employer, you have until the due date for your business’s tax return (plus extensions) to set up a SEP plan. To establish a SEP plan, you must sign an Adoption Agreement. Once the Plan is set up, all eligible Employees (including yourself) establish IRAs to receive the SEP plan contributions.

Maintaining a SEP plan is also easy. Unlike other qualified retirement plans, no additional reporting is required. You simply take a deduction on your tax return for the SEP plan contributions and notify Employees of the contribution.

### EMPLOYEE COMMUNICATIONS

**SEP Summary for Employees:** If you have Employees, complete the *SEP Summary for Employees* in accordance with the elections you made on the Adoption Agreement. Provide each Employee with a completed copy.

**Employee Information Booklet:** If you have Employees, provide each Employee with an *Employee Information Booklet*, whether or not he or she is currently eligible to participate in this SEP Plan.

**Establish IRAs:** Ensure all participating Employees have established IRAs. If not, you may do so.

### SUMMARY

If you are interested in establishing this SEP Plan, consult your tax and legal advisors for guidance in selecting the plan features which best suit your business’s needs. Once you are ready to adopt the Plan, refer to the enclosed instructions for completing these documents and properly establishing your Plan.



## Standard Simplified Employee Pension Plan INSTRUCTIONS FOR COMPLETING ADOPTION AGREEMENT

These instructions are designed to help you, the Employer, along with your attorney and/or tax advisor, establish your SEP Plan. The instructions are meant to be used only as a general guide and are not intended as a substitute for qualified legal or tax advice.

### ADOPTION AGREEMENT

We recommend that you obtain the advice of your legal or tax advisor before you sign the Adoption Agreement.

### EMPLOYER INFORMATION

Fill in the requested information.

#### SECTION 1. ESTABLISHMENT AND PURPOSE OF PLAN

There are no elections required for Section One. Refer to the Basic Plan Document for information regarding this section.

#### SECTION 2. EFFECTIVE DATES

This SEP Plan is either a new Plan (an initial adoption) or an amendment and restatement of an existing SEP Plan.

If this is a new SEP Plan, check Option A and fill in the Effective Date. The Effective Date is usually the first day of the Plan Year in which this Adoption Agreement is signed. For example, if an Employer maintains a Plan on a calendar year basis and this Adoption Agreement is signed on September 24, 2013, the Effective Date would be January 1, 2013.

If the reason you are adopting this Plan is to amend and replace an existing SEP Plan, check Option B. The existing SEP Plan which will be replaced is called a "Prior Plan." You will need to know the Effective Date of the Prior Plan. The best way to determine its Effective Date is to refer to the Prior Plan Adoption Agreement. The Effective Date of this amendment and restatement is usually the first day of the Plan Year in which the Adoption Agreement is signed.

#### SECTION 3. ELIGIBILITY AND PARTICIPATION

NOTE: Section Three should be completed even if you do not have Employees.

Within limits, you as the Employer can specify the number of years your Employees must work for you and the age they must attain before they are eligible to participate in this Plan. Note that the eligibility requirements which you set up for the Plan also apply to you.

Suppose, for example, you establish a service requirement of three of the immediately preceding five years and an age requirement of 21. In that case, only those Employees (including yourself) who have worked for you for three of the immediately preceding five years and are at least 21 years old are eligible to participate in this Plan.

##### Part A. Service Requirement

Fill in the number of years of service required. This number must be either 0, 1, 2, or 3.

If Employees will be given credit for service with a predecessor Employer, fill in the name of the predecessor Employer.

##### Part B. Age Requirement

Fill in the age an Employee must attain (no more than 21) to be eligible to participate in the Plan.

##### Part C. Employees Employed as of Effective Date

Check Option 1 if Employees employed as of the Effective Date of the Plan who have not met the Plan age and service requirement will be deemed to have met those requirements. If not, check Option 2.

##### Part D. Class of Employees Eligible to Participate

1. Generally, you are permitted to exclude Employees covered by the terms of a collective bargaining agreement (e.g., a union agreement) where retirement benefits were bargained for. If you wish to exclude those Employees, check the first box under Section Three, Part D.
2. You are permitted to exclude those Employees who are nonresident aliens with no U.S. income. If you wish to exclude those Employees, check the second box under Section Three, Part D.
3. You are permitted to exclude those Employees that are classified as Acquired Employees due to an acquisition or similar transaction described in the Code (during a transition period). If you wish to exclude those Employees, check the third box under Section Three, Part D.
4. You are permitted to exclude those Employees who have received less than \$550 FOR 2012 and 2013 (indexed for cost-of-living adjustments) of compensation during the plan year. If you want to exclude those Employees, check the fourth box under Section Three, Part D.

#### SECTION 4. CONTRIBUTIONS AND ALLOCATIONS

##### Part A. Contribution Formula

###### Option 1. Discretionary Formula

Check this option if you want this SEP Plan to allow for flexible contributions that will be determined from year to year.

###### Option 2. Fixed Percent of Profits Formula

Check this option if you want this SEP Plan to require a fixed contribution from year to year. Fill in the applicable contribution percentage and dollar amount.



**Part B. Allocation Formula**

Once the contribution amount has been decided for a Plan Year, it must be allocated among the Participants in the Plan. The contribution can be allocated using either a pro rata formula, flat dollar formula, or an integrated formula. Check either Option 1, 2, or 3.

**Option 1. Pro Rata Formula**

Check this option if you wish to have the contribution allocated to all qualifying Participants based on their Compensation for the Plan Year.

**Option 2. Flat Dollar Formula**

Check this option if you wish to have the same dollar amount allocated for each Participant.

**Option 3. Integrated Formula**

Check this option if the plan is to be integrated. Generally, integration is a method of giving some Participants in the plan an extra contribution allocation. Because of the complexity of integration, you should consult your tax advisor regarding this issue.

**SECTION 5. COMPENSATION AND PLAN YEAR ELECTIONS**

This Section allows you to define Compensation for purposes of Employer Contributions to the Plan, and also the time period the Plan will use to determine the Plan Year.

**Part A. Compensation**

Select either Option 1, 2, or 3 depending on how the Plan will define Compensation for purposes of Employer Contributions. Refer to the Definitions Section of the Plan for a description as to the Code requirements for each of these choices.

**Part B. Plan Year**

The Plan allows you to determine the Plan Year based on the 12-consecutive month period that coincides with your taxable year, the calendar year, or another 12-consecutive month period. Select the appropriate option that will define the Plan Year.

**SECTION 6. AMENDMENT OR TERMINATION OF PLAN**

There are no elections required for Section Six. Refer to the Basic Plan Document for information regarding this section.

**SECTION 7. EMPLOYER SIGNATURE**

An authorized representative of the Employer must sign and date the Adoption Agreement. In addition, the Prototype Sponsor must provide its name, address, and telephone number.

**OTHER ITEMS**

- Provide an *Employee Information Booklet* and a completed *SEP Summary for Employees* to each Employee.
- Make sure that all eligible Employees have established IRAs.



## Standard Simplified Employee Pension Plan

### ADOPTION AGREEMENT

#### EMPLOYER INFORMATION

Name of Adopting Employer \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone \_\_\_\_\_ Adopting Employer's Income Tax Year End \_\_\_\_\_  
(month) (day)

Adopting Employer's Federal Tax Identification Number \_\_\_\_\_

#### SECTION 1. ESTABLISHMENT AND PURPOSE OF PLAN

There are no elections required for Section One. Refer to the Basic Plan Document for information regarding this section.

#### SECTION 2. EFFECTIVE DATES Check and complete Option A or B.

**Option A:** ☐ This is the initial adoption of a Simplified Employee Pension plan by the Employer.

The Effective Date of this Plan is \_\_\_\_\_.

**NOTE:** The Effective Date is usually the first day of the Plan Year in which this Adoption Agreement is signed.

**Option B:** ☐ This is an amendment and restatement of an existing Simplified Employee Pension plan (a Prior Plan).

The Prior Plan was initially effective on \_\_\_\_\_.

The Effective Date of this amendment and restatement is \_\_\_\_\_.

**NOTE:** The Effective Date is usually the first day of the Plan Year in which this Adoption Agreement is signed.

#### SECTION 3. ELIGIBILITY AND PARTICIPATION Complete Parts A through D, as appropriate.

##### Part A. Service Requirement

An Employee will be eligible to become a Participant in the Plan after having performed service for the Employer during at least \_\_\_\_\_ (specify 0, 1, 2, or 3) of the immediately preceding five Plan Years.

**NOTE:** If left blank, the service requirement will be deemed to be 0.

For purposes of determining whether an Employee has met the service requirement, an Employee shall be given credit for service with the following predecessor employer(s). (Complete if applicable)

\_\_\_\_\_

##### Part B. Age Requirement

An Employee will be eligible to become a Participant in the Plan after attaining age \_\_\_\_\_ (no more than 21).

**NOTE:** If left blank, it will be deemed there is no age requirement for eligibility.

##### Part C. Employees Employed as of Effective Date

Will an Employee employed as of the Effective Date of this Plan who has not otherwise met the age and service requirements of the Plan be considered to have met those requirements as of the Effective Date? (Select one)

**Option 1:** ☐ Yes.

**Option 2:** ☐ No.

**NOTE:** If no option is selected, Option 2 shall be deemed to be selected.

##### Part D. Class of Employees Eligible to Participate

All Employees shall be eligible to become Participants in the Plan, except the following. (Select any that apply)

☐ Collective bargaining unit Employees as described in Section 3.02(A) of the Plan.

☐ Non-resident aliens as described in Section 3.02(B) of the Plan.

☐ Acquired Employees as described in Section 3.02(C) of the Plan.

☐ Employees who have received less than \$450 (indexed for cost-of-living increases in accordance with Code section 408(k)(8)) of Compensation from the Employer during the Plan Year as described in Section 3.02(D) of the Plan.

#### SECTION 4. CONTRIBUTIONS AND ALLOCATIONS Complete Parts A and B, as appropriate.

##### Part A. Contribution Formula (Select Option 1 or 2)

**Option 1:** ☐ **Discretionary Formula.** For each Plan Year the Employer will contribute an amount to be determined from year to year.

**Option 2:** ☐ **Fixed Percent of Profits Formula.** \_\_\_\_\_ percent of the Employer's profits that are in excess of \$ \_\_\_\_\_.

**NOTE:** If no option is selected, Option 1 shall be deemed to be selected.

**Part B. Allocation Formula** *(Select Option 1, 2, or 3)*

**Option 1:** ☐ **Pro Rata Formula.** The Employer Contribution for each Plan Year shall be allocated in the manner described in Section 4.01(B)(1) of the Plan.

**Option 2:** ☐ **Flat Dollar Formula.** The Employer Contributions allocated to the IRAs of Participants, shall be the same dollar amount for each Participant.

**Option 3:** ☐ **Integrated Formula.** The Employer Contribution shall be allocated in the manner described in Section 4.01(B)(2) of the Plan.

For purposes of the integrated formula, the integration level shall be: *(Select one)*

**Suboption (a):** ☐ The Taxable Wage Base (TWB).

**Suboption (b):** ☐ \_\_\_\_\_ % of the TWB.

**NOTE:** *If no Suboption is selected, Suboption (a) (Taxable Wage Base) shall be deemed to be selected.*

**NOTE:** *If no option is selected in Part B, Option 1 (Pro Rata Formula) shall be deemed to be selected.*

**SECTION 5. COMPENSATION AND PLAN YEAR ELECTIONS** *Complete Parts A and B, as appropriate.*

**Part A. Compensation**

For purposes of Employer Contributions, Compensation will mean all of each Participant's: *(Select one)*

**Option 1:** ☐ W-2 wages.

**Option 2:** ☐ Section 3401(a) wages.

**Option 3:** ☐ 415 safe-harbor compensation.

**NOTE:** *If no option is selected, Option 1 shall be deemed to be selected.*

**Part B. Plan Year** *(Select one)*

**Option 1:** ☐ The 12-consecutive month period which coincides with the Adopting Employer's fiscal year.

**Option 2:** ☐ The calendar year.

**Option 3:** ☐ Other 12-consecutive month period. *(Specify a 12-consecutive month period selected in a uniform and nondiscriminatory manner)* \_\_\_\_\_

**NOTE:** *If no option is selected, Option 1 shall be deemed to be selected.*

If the initial Plan Year is a short Plan Year (*i.e., less than 12 months*), specify such Plan Year's beginning and ending dates.  
\_\_\_\_\_

**SECTION 6.** There are no elections required for Section Six. Refer to the Basic Plan Document for information regarding this section.

**SECTION 7. EMPLOYER SIGNATURE**

**I acknowledge that I have relied upon my own advisors regarding the completion of this Adoption Agreement and the legal and tax implications of adopting this Plan. I understand that my failure to properly complete this Adoption Agreement may result in adverse tax consequences. I have received a copy of this Adoption Agreement and the Basic Plan Document.**

Signature of Adopting Employer \_\_\_\_\_ Date Signed \_\_\_\_\_

(Type Name) \_\_\_\_\_

Name of Prototype Sponsor \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone \_\_\_\_\_



# STANDARD SIMPLIFIED EMPLOYEE PENSION PLAN

## Basic Plan Document

### DEFINITIONS

**ADOPTING EMPLOYER** Means any corporation, sole proprietor, or other entity named in the Adoption Agreement and any successor who by merger, purchase, or otherwise, assumes the obligations of the Plan.

**ADOPTION AGREEMENT** Means the document executed by the Employer through which it adopts the Plan and thereby agrees to be bound by all terms and conditions of the Plan.

**BASIC PLAN DOCUMENT** Means this prototype plan document.

**CODE** Means the Internal Revenue Code of 1986 as amended.

**COMPENSATION** As elected by the Adopting Employer in the Adoption Agreement, Compensation shall mean one of the following, except as otherwise specified in the Plan:

1. **W-2 Wages.** (Information required to be reported under Code sections 6041, 6051, and 6052 (wages, tips, and other compensation as reported on Form W-2)). Compensation is defined as wages within the meaning of Code section 3401(a) and all other payments of compensation to an Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under Code sections 6041(d), 6051(a)(3), and 6052. Compensation must be determined without regard to any rules under Code section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code section 3401(a)(2)).
2. **3401(a) Wages.** Compensation is defined as wages within the meaning of Code section 3401(a) for the purposes of income tax withholding at the source but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code section 3401(a)(2)).
3. **415 Safe-Harbor Compensation.** Compensation is defined as wages, salaries, and fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer maintaining the SEP Plan to the extent that the amounts are includible in gross income (including, but not limited to, commissions paid to salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan (as described in Regulations section 1.61-2(c), and excluding the following:
  - (a) Employer contributions to a plan of deferred compensation which are not includible in the Employee's gross income for the taxable year in which contributed, or Employer Contributions under a SEP plan, or any distributions from a plan of deferred compensation;
  - (b) Amounts realized from the exercise of a nonqualified stock option, or when restricted stock (or property) held by the employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;
  - (c) Amounts realized from the sale, exchange, or other disposition of stock acquired under a qualified stock option; and
  - (d) Other amounts which received special tax benefits, such as premiums for group-term life insurance (but only to the extent the premiums are not includible in the gross income of the employee).

Compensation shall include only that Compensation which is actually paid or made available to the Participant during the Plan Year.

A Participant's Compensation shall include any elective deferral described in Code section 402(g)(3) or any amount that is contributed by the Employer at the election of the Employee and that is not includible in the gross income of the Employee under Code sections 125, 132(f)(4), or 457.

The annual Compensation of each Participant taken into account under the Plan for any year shall not exceed the Compensation limit described in Code section 401(a)(17) as adjusted by the Secretary of the Treasury for increases in the cost-of-living in accordance with Code section 401(a)(17)(B). Such

adjustments shall be made in multiples of \$5,000. (The Compensation limit for 2002 is \$200,000.) If a Plan determines Compensation for a period of time that contains fewer than 12 calendar months, then the annual Compensation limit is an amount equal to the annual Compensation limit for the calendar year in which the Compensation period begins multiplied by a fraction, the numerator of which is the number of full months in the short Compensation period, and the denominator of which is 12.

**EARNED INCOME** Means the net earnings from self-employment in the trade or business with respect to which the Plan is established, for which personal services of the Self-Employed Individual are a material income-producing factor. Net earnings will be determined without regard to items not included in gross income and the deductions allocable to such items. Net earnings are reduced by contributions by the Employer to a qualified plan or to a Simplified Employee Pension plan to the extent deductible under Code section 404.

**EMPLOYEE** Means any person who is employed by the Employer as a common law employee and, if the Employer is a sole proprietorship or partnership, any Self-Employed Individual who performs services with respect to the trade or business of the Employer as described in Code section 401(c)(1). Further, any employee of any other employer required to be aggregated under Code sections 414(b), (c), (m), or (o) and, unless otherwise indicated in the Adoption Agreement, any leased Employee required to be treated as an employee of the Employer under Code section 414(n) shall also be considered an Employee.

**EMPLOYER** Means the Adopting Employer and any successor who by merger, consolidation, purchase, or otherwise assumes the obligations of the Plan. A partnership is considered to be the Employer of each of the partners and a sole proprietorship is considered to be the Employer of the sole proprietor.

If the Adopting Employer is a member of a controlled group of corporations (as defined in Code section 414(b)), a group of trades or businesses under common control (as defined in Code section 414(c)), an affiliated service group (as defined in Code section 414(m)), or is required to be aggregated with any other entity as defined in Code section 414(o), then for purposes of the Plan, the term Employer shall include the other members of such groups or other entities required to be aggregated with the Adopting Employer.

**IRA** Means a Traditional individual retirement account or Traditional individual retirement annuity, which satisfies the requirements of Code section 408(a) or (b).

**PARTICIPANT** Means any Employee who has met the eligibility requirements of Section 3.01 of the Plan and Section Three of the Adoption Agreement, and who is or may become eligible to receive an Employer Contribution.

**PLAN** Means the prototype SEP Plan adopted by the Employer that is intended to satisfy the requirements of Code section 408(k). The Plan consists of the Basic Plan Document plus the corresponding Adoption Agreement as completed and signed by the Employer.

**PLAN YEAR** Means the 12-consecutive month period which coincides with the Employer's taxable year or such other 12-consecutive month period as is designated in the Adoption Agreement.

**PRIOR PLAN** Means a plan which was amended or replaced by adoption of this Plan, as indicated in the Adoption Agreement.

**PROTOTYPE SPONSOR** Means the entity specified in the Adoption Agreement that makes this prototype Plan available to employers for adoption.

**REGULATIONS** Means the Treasury Regulations.

**SELF-EMPLOYED INDIVIDUAL** Means an individual who has Earned Income for a Plan Year from the trade or business for which the Plan is established; also, an individual who would have had Earned Income but for the fact that the trade or business had no net profits for the Plan Year.

**TAXABLE WAGE BASE** Means, with respect to any taxable year, the contribution and benefit base in effect under Section 230 of the Social Security Act at the beginning of the Plan Year.

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**SECTION ONE ESTABLISHMENT AND PURPOSE OF PLAN**

**1.01 PURPOSE** The purpose of this Plan is to provide, in accordance with its provisions, a Simplified Employee Pension plan providing benefits upon retirement for the individuals who are eligible to participate hereunder.

**1.02 INTENT TO QUALIFY** It is the intent of the Employer that this Plan shall be for the exclusive benefit of its Employees and shall qualify for approval under Code section 408(k). This document is intended to conform with the applicable rules and procedures of the Internal Revenue Service (IRS) that apply to prototype Simplified Employee Pension plans.

**1.03 USE WITH IRA** This prototype Plan must be used with an IRS model IRA (Form 5305 or Form 5305-A) or any other plan that satisfies Code section 408(a) or 408(b).

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**SECTION TWO EFFECTIVE DATES**

The Effective Date means the date the Plan (or in the event a Prior Plan is amended, the restatement) becomes effective as indicated in the Adoption Agreement.

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**SECTION THREE ELIGIBILITY AND PARTICIPATION**

**3.01 ELIGIBILITY REQUIREMENTS** Except for those Employees described in Section 3.02 of the Plan that are excluded as indicated in the Adoption Agreement, each Employee of the Employer who fulfills the eligibility requirements specified in the Adoption Agreement shall become a Participant.

When the Employer maintains the Plan of a predecessor employer, an Employee's service will include his or her service for such predecessor employer.

**3.02 EXCLUSION OF CERTAIN EMPLOYEES** The Employer may exclude collective bargaining unit Employees, non-resident aliens and acquired Employees, as defined in paragraphs (A) through (C) below, from participating in the Plan. In addition, the Employer may exclude Employees earning less than the defined Compensation threshold as defined in paragraph (D) below, pursuant to the conditions described therein.

**A. Collective Bargaining Unit Employees.** A collective bargaining unit Employee is an Employee included in a unit of Employees covered by a collective bargaining agreement between the Employer and Employee representatives, if retirement benefits were the subject of good faith bargaining and if two percent or less of the Employees who are covered pursuant to that agreement are professionals as defined in Regulations section 1.410(b)-9. For this purpose, the term "Employee representatives" does not include any organization more than half of whose members are Employees who are owners, officers, or executives of the Employer.

**B. Non-Resident Aliens.** A non-resident alien is an Employee who is a non-resident alien (within the meaning of Code section 7701(b)(1)(B)) and who received no earned income (within the meaning of Code section 911(d)(2)) from the Employer which constitutes income from sources within the United States (within the meaning of Code section 861(a)(3)).

**C. Acquired Employees.** An acquired Employee is an Employee who would be employed by another employer that has been involved in an acquisition or similar transaction described under Code section 410(b)(6)(C) with the Employer, had the transaction not occurred.

If elected on the Adoption Agreement, an acquired Employee will not be eligible to become a Participant in the Plan during the period beginning on the date of the transaction and ending on the last day of the first Plan Year beginning after the date of the transaction.

**D. Compensation Amount.** Compensation for the purposes of the \$450 limit of Code section 408(k)(2)(C) shall be defined as Code section 414(q)(7) Compensation.

**3.03 ADMITTANCE AS A PARTICIPANT**

**A. Prior Plan.** If this Plan is an amendment or continuation of a Prior Plan, each Employee of the Employer who, immediately before the Effective Date, was a participant in the Prior Plan shall be a Participant in this Plan as of the Effective Date.

**B. Notification of Eligibility.** The Employer shall notify each Employee who becomes a Participant of his or her status as a Participant in the Plan and of his or her duty to establish an IRA to which Employer Contributions may be made.

**C. Establishment of an IRA.** If a Participant fails to establish an IRA within a reasonable period of time after receiving notice from the Employer pursuant to Section 3.03(B) of the Plan, the Employer may execute any necessary documents to establish an IRA on behalf of the Participant.

**3.04 DETERMINATIONS UNDER THIS SECTION** The Employer shall determine the eligibility of each Employee to be a Participant. This determination shall be conclusive and binding upon all persons except as otherwise provided herein or by law.

**3.05 LIMITATION RESPECTING EMPLOYMENT** Neither the fact of the establishment of the Plan nor the fact that an Employee has become a Participant shall give to that Employee any right to continued employment; nor shall either fact limit the right of the Employer to discharge or to deal otherwise with an Employee without regard to the effect such treatment may have upon the Employee's rights under the Plan.

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**SECTION FOUR CONTRIBUTIONS AND ALLOCATIONS****4.01 EMPLOYER CONTRIBUTIONS**

**A. Obligation to Contribute.** An Employer Contribution is the amount contributed by the Employer to this Plan. Except as otherwise indicated in the Adoption Agreement, the Employer will contribute an amount to be determined from year to year. The Employer may, in its sole discretion, make contributions without regard to current or accumulated earnings or profits.

**B. Allocation Formula.** Employer Contributions shall be allocated in accordance with the allocation formula selected in the Adoption Agreement. Each Employee who has satisfied the eligibility requirements pursuant to Section 3.01 (thereby becoming a Participant) will share in such allocation.

Employer Contributions made for a Plan Year on behalf of any Participant shall not exceed the lesser of 25 percent of Compensation or \$40,000, as adjusted under Code section 415(d). For purposes of the 25 percent limitation described in the preceding sentence, a Participant's Compensation does not include any elective deferral described in Code section 402(g)(3) or any amount that is contributed by the Employer at the election of the Participant and that is not includible in the gross income of the Participant under Code sections 125, 132(f)(4), or 457.

**1. Pro Rata Allocation Formula.** If the Employer has selected the pro rata allocation formula in the Adoption Agreement, then Employer Contributions for each Plan Year shall be allocated to the IRA of each Participant in the same proportion as such Participant's Compensation for the Plan Year bears to the total Compensation of all Participants for such year.

**2. Integrated Allocation Formula.** If the Employer has selected the integrated allocation formula in the Adoption Agreement, then Employer Contributions for the Plan Year will be allocated to Participants' IRAs as follows:

**Step 1** Employer Contributions will be allocated to each Participant's IRA in the ratio that each Participant's total Compensation bears to all Participants' total Compensation, but not in excess of three percent of each Participant's Compensation.

**Step 2** Any Employer Contributions remaining after the allocation in Step One will be allocated to each Participant's IRA in the ratio that each Participant's Compensation for the Plan Year in excess of the integration level bears to the Compensation of all Participants in excess of the integration level, but not in excess of three percent of the Participant's Compensation. For purposes of this Step Two, in the case of any Participant who has exceeded the cumulative permitted disparity limit described below, such Participant's total Compensation for the calendar year will be taken into account.

**Step 3** Any Employer Contributions remaining after the allocation in Step Two will be allocated to each Participant's IRA in the ratio that the sum of each Participant's total Compensation and Compensation in excess of the integration level bears to the sum of all Participants' total Compensation and Compensation in excess of the integration level, but not in excess of the maximum disparity rate described in the table below. For purposes of this Step Three, in the case of any Participant who has exceeded the cumulative permitted disparity limit described below, two times such Participant's total compensation for the calendar year will be taken into account.

**Step 4** Any Employer Contributions remaining after the allocation in Step Three will be allocated to each Participant's IRA in the ratio that each Participant's total Compensation for the Plan Year bears to all Participants' total Compensation for that Plan Year.

The integration level shall be equal to the Taxable Wage Base or such lesser amount elected by the Employer in the Adoption Agreement.

Integration Level	Maximum Disparity Rate
Taxable Wage Base (TWB)	2.7%
More than \$0 but not more than X*	2.7%
More than X* of TWB but not more than 80 percent of TWB	1.3%
More than 80 percent of TWB but not more than TWB	2.4%

\*X means the greater of \$10,000 or 20 percent of TWB.

**Annual overall permitted disparity limit.** Notwithstanding the preceding paragraphs, for any calendar year this Plan benefits any Participant who benefits under another Simplified Employee Pension plan or qualified plan described in Code section 401(a) maintained by the Employer that provides for permitted disparity (or imputes disparity), Employer Contributions under this Plan will be allocated to each Participant's IRA in the ratio that the Participant's total Compensation for the calendar year bears to all Participants' total Compensation for that year.

**Cumulative permitted disparity limit.** If the Participant has not benefited under a defined benefit or target benefit plan for any year beginning on or after January 1, 1994, the Participant has no cumulative permitted disparity limit. Effective for calendar years beginning on or after January 1, 1995, the cumulative permitted disparity limit for a Participant who has benefited under a defined benefit or target benefit plan is 35 total cumulative permitted disparity years. Total cumulative permitted disparity years means the number of years credited to the Participant for allocation or accrual purposes under this Plan or any other Simplified Employee Pension plan or any qualified plan described in Code section 401(a) (whether or not terminated) ever maintained by the Employer. For purposes of determining the Participant's cumulative permitted disparity limit, all years ending in the same calendar year are treated as the same year.

**C. Timing of Employer Contribution.** Employer Contributions, if any, made on behalf of Participants for a Plan Year shall be allocated and deposited to the IRA of each Participant no later than the due date for filing the Employer's tax return (including extensions).

**4.02 VESTING AND WITHDRAWAL RIGHTS** All Employer Contributions made under the Plan on behalf of Employees shall be fully vested and nonforfeitable at all times. Each Employee shall have an unrestricted right to withdraw at any time all or a portion of the Employer Contributions made on his or her behalf. However, withdrawals taken are subject to the same taxation and penalty provisions of the Code, which are applicable to IRA distributions.

**4.03 SIMPLIFIED EMPLOYER REPORTS** The Employer shall furnish Participant reports, relating to contributions made under the Plan, in the time and manner and containing the information prescribed by the Secretary of the Treasury. Such reports shall be furnished at least annually and shall disclose the amount of the contribution made under the Plan to the Participant's IRA.

## SECTION FIVE COMPENSATION AND PLAN YEAR ELECTIONS

Except as otherwise provided in the Adoption Agreement, Compensation shall mean W-2 wages and Plan Year shall mean the 12-consecutive month period which coincides with the Adopting Employer's fiscal year.

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**SECTION SIX****AMENDMENT OR TERMINATION OF PLAN**

**6.01 AMENDMENT BY EMPLOYER** The Employer reserves the right to amend the elections made or not made in the Adoption Agreement by executing a new Adoption Agreement. The Employer shall neither have the right to amend any nonelective provision of the Adoption Agreement nor the right to amend provisions of this Basic Plan Document. If the Employer adopts an amendment to the Adoption Agreement or Basic Plan Document in violation of the preceding sentence, the Plan will be deemed to be an individually designed plan and may no longer participate in this prototype Plan.

**6.02 AMENDMENT OR TERMINATION OF SPONSORSHIP BY PROTOTYPE SPONSOR** The Employer, by adopting the Plan, expressly delegates to the Prototype Sponsor the power, but not the duty, to amend the Plan without any further action or consent of the Employer as the Prototype Sponsor deems either necessary for the purpose of adjusting the Plan to comply with all laws and applicable Regulations governing Simplified Employee Pension plans, or desirable to the extent consistent with such laws and applicable Regulations. Specifically, it is understood that the amendments may be made unilaterally by the Prototype Sponsor. However, it shall be understood that the Prototype Sponsor shall be under no obligation to amend the Plan documents and the Employer expressly waives any rights or claims against the Prototype Sponsor for not exercising this power to amend.

An amendment by the Prototype Sponsor shall be accomplished by giving notice to the Adopting Employer of the amendment to be made. The notice shall set forth the text of such amendment and the date such amendment is to be effective. Such amendment shall take effect unless, within the 30-day period after such notice is provided, or within such shorter period as the notice may specify, the Adopting Employer gives the Prototype Sponsor written notice of refusal to consent to the amendment. Such written notice of refusal shall have the effect of withdrawing the Plan as a prototype plan and shall cause the Plan to be considered an individually designed plan. The right of the Prototype Sponsor to cause the Plan to be amended shall terminate should the Plan cease to conform as a prototype plan as provided in this or any other section.

In addition to the amendment rights described above, the Prototype Sponsor shall have the right to terminate its sponsorship of this Plan by providing notice to the Adopting Employer of such termination. Such termination of sponsorship shall have the effect of withdrawing the Plan as a prototype plan and shall cause the Plan to be considered an individually designed plan. The Prototype Sponsor shall have the right to terminate its sponsorship of this Plan regardless of whether the Prototype Sponsor has terminated sponsorship with respect to other employers adopting its prototype Plan.

**6.03 LIMITATIONS ON POWER TO AMEND** No amendment by either the Employer or the Prototype Sponsor shall reduce or otherwise adversely affect any Participant's benefits acquired prior to such amendment unless it is required to maintain compliance with any law, regulation, or administrative ruling pertaining to Simplified Employee Pension plans.

**6.04 TERMINATION** While the Employer expects to continue the Plan indefinitely, the Employer shall not be under any obligation or liability to continue contributions or to maintain the Plan for any given length of time. The Employer may terminate this Plan at any time by appropriate action of its managing body.

**6.05 NOTICE OF AMENDMENT OR TERMINATION** Any amendment or termination shall be communicated by the Employer to all appropriate parties as required by law. Amendments made by the Prototype Sponsor shall be furnished to the Employer and communicated by the Employer to all appropriate parties as required by law.

**6.06 CONTINUANCE OF PLAN BY SUCCESSOR EMPLOYER** A successor of the Employer may continue the Plan and be substituted in the place of the present Employer.

**6.07 SENDING OF NOTICES** To the extent written instructions or notices are required under this Plan, the Prototype Sponsor or Employer may accept or provide such information in any other form permitted by the Code or related regulations. Any required notice will be considered effective when it is sent to the intended recipient at the last known address which is on file with the provider of the notice.

**6.08 LIMITATION OF LIABILITY** The Prototype Sponsor, trustee, custodian, or issuer of this Plan shall not be liable for any losses incurred by the IRA by any direction to invest communicated by the Employer, or any Participant or beneficiary. It is specifically understood that the Prototype Sponsor, trustee, custodian, or issuer shall have no duty or responsibility with respect to the determination of the adequacy of contributions to the Plan and enforcing the payment of such contributions. In addition, it is specifically understood that the Prototype Sponsor, trustee, custodian or issuer shall have no duty or responsibility with respect to the determination of matters pertaining to the eligibility of any Employee to become a Participant or remain a Participant hereunder; it being understood that all such responsibilities under the Plan are vested in the Employer. Finally, it is specifically understood that the Prototype Sponsor shall have no responsibility for IRAs maintained by Participants at IRA trustees, custodians, or issuers other than the Prototype Sponsor.

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**SECTION SEVEN****ADOPTING EMPLOYER SIGNATURE**

Section Seven of the Adoption Agreement must contain the signature of an authorized representative of the Adopting Employer evidencing the Employer's agreement to be bound by the terms of the Basic Plan Document and Adoption Agreement.

# Standard Simplified Employee Pension Plan Employee Information Booklet

## Questions and Answers

**1. Q. What is a Simplified Employee Pension (SEP) plan?**

- A.** A SEP plan is a retirement income arrangement under which your Employer may contribute, generally in the form of discretionary contributions, certain amounts to your own Traditional individual retirement account or Traditional individual retirement annuity (IRA).

Your Employer will provide you with a copy of the *SEP Summary for Employees* containing participation requirements and a description of the basis upon which Employer contributions may be made to your IRA.

All amounts contributed to your IRA by your Employer belong to you, even after you leave the employment of that Employer.

**2. Q. What are discretionary contributions?**

- A.** Discretionary contributions are contributions which may be made by your Employer for you to your IRA. Whether or not your Employer makes a discretionary contribution is entirely up to your Employer. If a discretionary contribution is made under the SEP Plan, it must be divided among all the eligible Employees according to the allocation formula your Employer has selected.

**3. Q. What are fixed-percent-of-profits contributions?**

- A.** Fixed-percent-of-profits contributions are a percentage of company profits which are made to your IRA if your Employer has profits in excess of a stated dollar amount.

**4. Q. How will contributions be allocated to my IRA?**

- A.** Refer to the *SEP Summary for Employees* to see whether your Employer has selected the pro rata, flat dollar, or integrated formula.

If your Employer has selected the pro rata formula, contributions on behalf of each eligible Employee will be the same percentage of compensation for all Employees.

If your Employer has selected the flat dollar formula, the Employer Contribution will be allocated equally resulting in each Employee receiving the same dollar amount.

If your Employer has selected the integrated formula, see Question 18.



When calculating contributions to be made to the SEP Plan, an Employee's Compensation above \$265,000 for 2016 and \$270,000 for 2017 will not be included. (This amount is increased by the IRS periodically based on changes in the cost of living.)

The law prohibits your Employer from making contributions which discriminate in favor of highly compensated Employees.

5. ***Q. Who are eligible Employees?***
  - A. Eligible Employees are Employees who have satisfied the minimum age, service, and Compensation requirements set by your Employer as specified in the *SEP Summary for Employees*. An Employee who satisfies those eligibility requirements is entitled to participate in the SEP Plan.
6. ***Q. How much may my Employer contribute to my IRA in any year?***
  - A. The amount of contributions for any year is limited to the lesser of \$40,000 or 25 percent of your Compensation for that year (\$53,000 for 2016 and \$54,000 for 2017). (This limitation may be increased by the IRS for changes in the cost of living.) The Compensation used to determine this limit does not include any amount which is contributed by your Employer as contributions to your IRA under the SEP Plan. Remember, if your Employer has chosen a discretionary contribution formula, the SEP Plan does not require your Employer to maintain a particular level of discretionary contributions. It is possible that for a given year no discretionary contributions will be made on your behalf.
7. ***Q. How do I treat my Employer's SEP Plan contributions for my taxes?***
  - A. The amount your Employer contributes to the SEP Plan is excludable from your gross income (subject to the \$40,000 or 25 percent of Compensation limitation mentioned above) and is not includible as taxable wages on your Form W-2.
8. ***Q. May I also contribute to my IRA if I am a Participant in a SEP plan?***
  - A. Yes. You may still contribute the lesser of the applicable limit or 100 percent of your Compensation to an IRA. However, as a Participant in a SEP plan, you would be considered an active participant in an Employer-maintained retirement plan and, therefore, you may or may not be able to deduct your Traditional IRA contribution, depending upon your modified adjusted gross income, and which type of tax return you file (single individual, married filing jointly, or married filing separately). (You may, however, also be eligible to contribute to a Roth IRA.)

9. ***Q. What if I don't want an IRA?***
- A. Under the tax rules which apply to SEP plans, for an Employer to have a valid SEP plan, all eligible Employees must establish IRAs. Your Employer may require that you become a Participant in the SEP Plan and set up an IRA as a condition of employment. If one or more eligible Employees do not participate and the Employer attempts to maintain a SEP plan with the remaining Employees, there may be adverse tax consequences for both the Employer and the Employees.
10. ***Q. Can I select the financial organization where I set up the IRA which is to receive the SEP Plan contributions made on my behalf?***
- A. Generally, you may select the financial organization where you set up the IRA which is to receive SEP Plan contributions made on your behalf.
11. ***Q. Can I move assets from my IRA to another tax-deferred IRA?***
- A. Yes. You can withdraw contributions from your IRA and, no more than 60 days after your receipt of the assets, place such assets into another IRA. This is called a "rollover" and may not be done without tax penalty more frequently than at one-year intervals. However, there are no restrictions on the number of times you may make "transfers" if you arrange to have such assets transferred directly between IRA trustees or custodians, so that you never have possession of the assets.
12. ***Q. What happens if I withdraw my Employer's contributions from my IRA?***
- A. If you don't want to leave the Employer's discretionary contribution in your IRA, you may withdraw it at any time, but any amount withdrawn is includible in your income and will be taxed. Also, if you take withdrawals before you reach age 59½, and those withdrawals do not satisfy a penalty exception (e.g., due to disability), you may be subject to a 10 percent IRS penalty tax.
13. ***Q. May I participate in a SEP plan even though I am covered by another plan?***
- A. Yes. You can participate in a SEP plan (other than a SEP plan which uses the IRS's model SEP plan document) even though you participate in another qualified retirement plan (such as a pension or profit sharing plan) of the same employer. However, the combined contribution limits are subject to certain limitations described in Section 415 of the Internal Revenue Code. Also, if you work for several employers, you may be covered by the SEP plan of one employer and a SEP, pension, or profit sharing plan of another employer.

14. ***Q. What happens if my Employer makes too large of a contribution to my IRA in one year?***
- A.** If your employer makes a contribution to your IRA that exceeds the annual limit, your employer may correct the error with your consent, by requesting that a distribution of the excess and its earnings be returned to your employer. If the excess amount and the related earnings are returned to your employer, it is not included in your taxable income. Although rare, it's possible that your employer may leave the excess contribution in your IRA.
15. ***Q. Do I need to file any additional forms with the IRS because I participate in a SEP plan?***
- A.** No.
16. ***Q. Is my Employer required to provide me with information about IRAs and the SEP Plan?***
- A.** Yes. Your Employer must provide you with a notice that a SEP plan has been established (the *SEP Summary for Employees*), along with this *Employee Information Booklet*, and give you a statement each year showing any contribution to your IRA.
17. ***Q. Is the financial organization where I establish my IRA also required to provide me with information?***
- A.** Yes. It must provide you with a disclosure statement which contains the following information in plain, nontechnical language:
- (1) the statutory requirements which relate to your IRA;
  - (2) the tax consequences which follow the exercise of various options and what those options are;
  - (3) eligibility rules and rules on the deductibility and nondeductibility of retirement savings;
  - (4) the circumstances and procedures under which you may revoke your IRA, including the name, address, and telephone number of the person designated to receive notice of revocation (this explanation must be prominently displayed at the beginning of the disclosure statement);
  - (5) explanations of when penalties may be assessed against you because of specified prohibited or penalized activities concerning your IRA; and

(6) financial disclosure information which:

- (a) either projects the growth in value of your IRA under various contribution and retirement schedules, or describes the method of computing and allocating annual earnings and charges which may be assessed;
- (b) describes whether, and for what period the growth projections for the plan are guaranteed, or a statement of the earnings rate and terms on which the projection is based;
- (c) states the sales commission to be charged in each year expressed as a percentage of \$1,000 (basis points); and
- (d) states the proportional amount of any nondeductible life insurance which may be a feature of your IRA.

For a more complete explanation of the disclosure requirements, see Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, available at most IRS offices.

In addition to the disclosure statement, the financial organization 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 the IRA, and so you will know how to report IRA distributions for tax purposes.

**18. Q. *My Employer has indicated in the SEP Summary for Employees that contributions will be allocated using the “integrated formula.” What does this mean and how does it affect me?***

- A.** If the Plan uses the integrated formula, the Employer contribution for Employees who have Compensation in excess of the integration level will be a higher percentage than the contribution made for Employees whose Compensation is below the integration level. The integration level is indicated on the *SEP Summary for Employees*.

Allocating contributions under the integrated formula involves a four-step process, which is explained below.

**STEP 1:** An amount is allocated for each eligible Employee not in excess of three percent of the Employee’s total Compensation.

**STEP 2:** Eligible Employees with Compensation greater than the integration level receive an allocation not in excess of three percent of their Compensation above the integration level.

**STEP 3:** Any Employer contribution remaining after the allocation in Step 2 is allocated pro rata to each eligible Employee based on the sum of the Employee's total Compensation plus his or her Compensation above the integration level. The percentage allocated in this step cannot be more than a certain amount, which varies depending upon the integration level selected, as described below:

If the Integration level is:	The maximum percentage which can be allocated in Step 3 is:
Taxable Wage Base (TWB)	2.7%
Not more than 20% of TWB	2.7%
More than 20% of TWB but not more than 80% of TWB	1.3%
More than 80% of TWB	2.4%

**STEP 4:** Any Employer contribution remaining after the allocation in Step 3 is allocated pro rata to eligible Employees based on their total Compensation.

**EXAMPLE:** The Big Apple Corporation maintains a SEP plan which uses the integrated allocation formula. The integration level is the taxable wage base (\$118,500 for 2016 and \$127,200 for 2017). For 2017, the company will make a contribution of \$20,000. Listed below are the qualifying participants of Big Apple Corporation and their Compensation. The chart below shows how the Employer Contribution will be allocated to the IRAs of eligible Employees.

EMPLOYEE	COMPENSATION	Step 1	Step 2	Step 3	Step 4	Total Allocation	Allocation as a % of Comp.
SUE	\$160,000	\$4,800	\$984	\$5,206	\$3,068	\$14,058	8.79%
SAL	58,000	1,740	0	1,566	1,112	4,418	7.62%
SAM	20,000	600	0	540	384	1,524	7.62%
TOTAL	\$238,000	\$7,140	\$984	\$7,312	\$4,564	\$20,000	
REMAINING TO BE ALLOCATED	\$20,000	\$12,860	\$11,876	\$4,564			



# **SOGOTRADE<sup>®</sup>**

## **CUSTOMER ACCOUNT AGREEMENT**

*Released June 5, 2025*

In consideration of SogoTrade, Inc. and its agents and assigns (collectively, "SogoTrade," "You" or "Your") opening one or more accounts on my behalf ("My Account(s)" or the "Account(s)"), I represent and agree with respect to all Accounts, whether individual, joint, entity, margin, option or cash, to the terms set forth in this Customer Account Agreement (the "Agreement"). When used in this Agreement, the words "I", "Me", "My", "We", or "Us" mean the owner(s) of the Account. For the avoidance of doubt, in the case of a joint account, the words "I", "Me", "My", "We" or "Us" mean each of the owners of the joint Account.

I understand that the terms and conditions of this Agreement govern all aspects of My relationship with You regarding My Accounts. I will carefully read, understand and accept the terms and conditions of this Agreement before I check the "I AGREE" or similarly worded box and submit the application. I understand that checking the "I AGREE" box and submitting the application is the legal equivalent of my manually signing this Agreement and I will be legally bound by its terms and conditions. By entering into this Agreement, I acknowledge receipt of the SogoTrade Privacy Policy. I understand this Agreement may be amended from time to time by SogoTrade, with revised terms posted on the SogoTrade website. I understand that by continuing to maintain my Account(s) without objecting to any revised terms of this Agreement, I am accepting the terms of the revised Agreement and I will be legally bound by its terms and conditions. If I request other services provided by SogoTrade that require Me to agree to specific terms and conditions electronically (through clicks or other actions) or otherwise, such terms and conditions will be deemed an amendment and will be incorporated into and made part of this Agreement.

**I FURTHER UNDERSTAND THAT BY CHECKING THE "I AGREE" BOX AND SUBMITTING THE APPLICATION I ACKNOWLEDGE THIS AGREEMENT CONTAINS A PREDISPUTE ARBITRATION CLAUSE.**

**1. Capacity and Status.** If an individual, I am of legal age under the laws of the jurisdiction where I reside and authorized to enter into this Agreement. If an entity, I am duly formed, validly existing and in good standing in My state of organization, have full power and authority to enter and perform this Agreement, and the persons signing the account application are fully authorized to act on My behalf. No person, except Myself (or any person named in a separate agreement or joint account), has any interest in the Account opened pursuant to this Agreement. I acknowledge that unless You receive written objection from Me, You may provide My name, address, and securities positions to requesting companies in which I hold securities.

Except as otherwise disclosed to You in writing, neither I nor any member of My immediate family is an employee of any exchange, any corporation of which any exchange owns a majority of the capital stock, a member of any exchange or self-regulatory organization, a member of any firm or member corporation registered on any exchange, a bank, trust company, insurance company or any corporation, firm or individual engaged in the business of dealing either as a broker-dealer or as principal in securities. I understand and agree that I am obligated to promptly notify You in writing if I or a member of My immediate family becomes registered or employed in any of the above-described capacities. I further agree to

promptly notify You in writing if I am now or if I become: (i) registered or qualified with the Financial Industry Regulatory Authority ("FINRA") or the SEC, the Commodities Futures Trading Commission, any state securities agency, any securities exchange or association, or any commodities or futures contract market or association; (ii) an "investment advisor" as that term is defined in Section 201(11) of the Investment Advisors Act of 1940 (whether or not registered or qualified under that act); (iii) employed by a bank or other organization exempt from registration under federal and state securities laws to perform functions that would require Me to be so registered or qualified if I were to perform such functions for an organization not so exempt; or (iv) an officer, director or 10% stockholder of any publicly traded company.

## **2. Roles and Responsibilities.**

(A) **No Advice.** I understand, acknowledge and agree to the following:

- (i) SogoTrade has no obligation to advise You on the suitability of any security, transaction or investment strategy and You acknowledge that You are responsible for monitoring profits and losses in Your account.
- (ii) SogoTrade provides no investment advice in connection with this Account;
- (iii) SogoTrade does not give advice or offer any opinion with respect to the suitability of any transaction, security, investment strategy or order;
- (iv) SogoTrade does not solicit orders;
- (v) SogoTrade does not provide legal or tax advice; and
- (vi) SogoTrade may provide information to You through its website about particular investments such as individual Exchange Traded Funds ("ETFs") or crypto-currencies but such information does not constitute a recommendation to enter into any of the investment transactions or to engage in any of the investment strategies presented.

I am solely responsible for any and all orders placed in My Account. I am a self-directed investor and all orders entered are unsolicited and based on My own investment decisions or the investment decision of My duly authorized representative or agent. I understand that all investments involve risk, that losses may exceed the principal invested, and that the past performance of a security, industry, sector, market, or financial product does not guarantee future results or returns.

I understand that I am solely responsible for knowing the rights and terms for all securities purchased, sold and maintained in My Account including, but not limited to, mergers, reorganizations, stock splits, name changes and/or symbol changes, dividends, option symbols, and option deliverables. I understand that certain securities may grant Me valuable rights that may expire unless I take specific action. These securities include bonds, convertible securities, warrants, stock rights and securities subject to exchange offers or tenders. I am responsible for knowing all expiration dates, redemption dates, and the circumstances under which rights associated with My securities may be called, cancelled, or modified. You may, but are not obligated to, notify Me of any upcoming expiration or redemption dates, or take any action on My behalf without My specific instructions except as required by law and the rules of regulatory authorities. If any security is about to expire worthless or be redeemed for less than its fair market value and have not received instructions from Me, You may, at Your discretion, sell the security and credit My Account with the proceeds. If My Account has an option position on the last trading day prior to expiration, which is one cent or more in the money, You will generally exercise the option, on My behalf. However, You reserve the right at Your discretion to close any option position prior to expiration date or any position resulting from the exercising/assignment after option expiration. I will be charged a commission for any such transaction. You are not obligated to take any of these actions and You are not liable for losses should You not take them.

**(B) Research, Investment Tools and Internet Links.** I understand that when I request assistance from Your employees in using the investment tools available on Your web site (including, but not limited to, Sogo Play, Trade Ideas and Value Engine), it will be limited to an explanation of the tool's functionality and, if requested by Me, to the entry by Your employees of variables provided by Me, and that such assistance does not constitute investment advice, an opinion with respect to the suitability of any transaction, or solicitation of any orders. News, research, links to outside websites, and other information accessible through the SogoTrade App or Website ("Content") may be prepared by independent external providers not affiliated with SogoTrade. I agree not to distribute, reproduce, sell, or otherwise commercially use the Content in any manner. I understand that You may terminate My access to the Content. I understand that none of the Content is a recommendation by You to buy or sell any securities or to engage in any investment strategy.

**(C) Safeguarding Customer Account Access Information.** I understand that I will select a Username, Password and Personal Identification Number (collectively, "PINs") that provide electronic access to My Account. I understand and agree that My Account numbers and PINs are confidential and I am responsible for the confidentiality, protection and use of them. I agree and accept full responsibility for monitoring and safeguarding My Accounts and access to My Accounts. I agree to immediately notify You in writing, delivered via e-mail and certified/return receipt requested U.S. mail, if I become aware of: (i) any loss, theft, or unauthorized use of My PINs, account numbers or access; (ii) any failure by Me to receive a message from You indicating that an order was received, executed or cancelled, as applicable; (iii) any failure by Me to receive an accurate written confirmation of an execution; (iv) any receipt by Me of confirmation of an order, execution and/or cancellation, which I did not place; or (v) any inaccurate information in or relating to My Account balances, deposits, withdrawals, securities positions or transaction history. Each of the events described in subsections (i)-(v) hereof, shall be deemed a "Potential Fraudulent Event".

The use and storage of any information including, without limitation, My Account numbers, PINs, portfolio information, transaction activity, account balances and any other information or orders available on My personal computer is at My own risk and is My sole responsibility. I agree to be responsible for all activities in My Account and You may rely on the assumption that I have authorized any orders or instructions that are received under My Account number and PINs. I agree that, in the event of a Potential Fraudulent Event, I will notify You immediately, and in no event more than 24 hours, after I discover such Potential Fraudulent Event. I agree that in the event of a Potential Fraudulent Event, I will report such loss or fraudulent occurrence promptly to the legal authorities. Further, I agree to provide a copy of any report prepared by legal authorities to You on request. I agree to cooperate fully with the legal authorities and You in any investigation of such Potential Fraudulent Event and I will complete any required documents promptly, accurately and thoroughly. I agree to indemnify and hold You and Your affiliates harmless from and against any losses arising out of or relating to a Potential Fraudulent Event.

**(D) Information Accuracy.** I (i) certify that the information contained in this Agreement, the account application, and any other document that I furnish to You in connection with My Account(s) is complete, true and correct, and acknowledge that knowingly giving false information for the purpose of inducing You to extend credit is a federal crime, (ii) authorize You to contact any individual or firm noted herein or on the documents referred to in subsection (i) of this Section and any other normal sources of debit or credit information, (iii) authorize anyone so contacted to furnish such information to You as You may request, and (iv) agree that this Agreement, the account application and any other document I furnish in connection with My Account is Your property. I shall promptly advise You of any changes to the information in such agreements and documents in writing within ten (10) days. You may retain this Agreement, the Account application, and all other such documents and their respective records at Your sole discretion,



whether or not credit is extended.

**3. Clearing Status.** I understand that You introduce My Account and transactions on a fully disclosed basis, and that You have entered into a clearing arrangement with Apex Clearing Corp. ("Apex" and/or "the Clearing Agent"), to perform certain services. I understand that Apex Clearing Corp. carries My Account(s) as a fully-disclosed clearing broker pursuant to a Brokerage Services Agreement, also referred to as a clearing agreement, between SogoTrade and Apex, and that Apex will clear all transactions under this Agreement pursuant to that clearing agreement.

Until receipt from Me of written notice to the contrary, Apex may accept from SogoTrade, without inquiry or investigation, (i) orders for the purchase or sale of securities and other property on margin, if I have elected to have a margin account, or otherwise, and (ii) any other instructions concerning said accounts. Apex shall look solely to SogoTrade unless otherwise directed by SogoTrade, and not to Me with respect to any such orders or instructions; except that I understand that Apex will deliver confirmations, statements, and all written or other notices with respect to My Account directly to Me with copies to SogoTrade, and that Apex will look directly to Me or SogoTrade for delivery of margin, payment, or securities.

**4. Electronic Delivery of Trade and Account Information; Notice.** All communications, including account statements, trade confirmations, margin calls, notices, disclosures, regulatory communications and other information, documents, data and records regarding My Account, or an alert that such communication has been posted to the secure section of Your web site, and is available for viewing, may be sent to Me at the mailing address for My Account or the e-mail address that I have given to You in My account application (to either e-mail address in the case of joint accounts where each account holder has given an e-mail address; notice to both e-mail addresses is not required) or at such other address as I may hereafter give You in writing or by e-mail at least ten (10) days prior to delivery, and all communications so sent, whether in writing or otherwise, shall be deemed given to Me personally, whether actually received or not. I acknowledge that I will be charged a fee for account statements that are sent to Me at My mail address, as opposed to an email notification, which is free of charge. I further acknowledge that in the event You are unable to send notifications to Me at My email address, that You will send physical account statements to my mail address and that I will be charged for this.

**5. Review of Confirmations and Statements.** I agree that it is My responsibility to review order execution confirmations and statements of My Account(s) promptly upon receipt. I agree to receive all confirmations and account statements, as well as all tax related documents, in electronic format. I understand that account statements will evidence all activity in My Account for the stated period, including securities transactions, cash balances, credits to My Account and all fees paid from My Account. Confirmations will be considered binding on Me unless I notify You of any objections within two (2) calendar days from the date confirmations are sent. Account statements will be considered binding on Me unless I notify You of any objections within ten (10) calendar days after My Account statements are posted online. Such objection may be oral or in writing, but any oral objection must be immediately confirmed in writing. In all cases, You reserve the right to determine the validity of My objection. If I object to a transaction for any reason, I understand and agree that I am obligated to take action to limit any losses that may result from such transaction or I will bear sole responsibility for any losses relating to the transaction, even if My objection to the transaction is ultimately determined to be valid. Nothing in this Section 5 shall limit My responsibilities as described in Section 2(C) of this Agreement.

**6. Important Information about Procedures for Opening a New Account.** To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

When I open an account, SogoTrade is required to collect the following information from Me:

- i) Name
- ii) Date of birth
- iii) Address
- iv) Identification number

With respect to the identification number, if I am a U.S. citizen, I am required to provide My Social Security number or employer identification number. If I am a non-U.S. citizen, I am required to provide My taxpayer identification number; passport number and country of issuance; alien identification card number; or government-issued identification showing nationality, residence and containing a photograph of Me.

I may also need to show My driver's license or other identifying documents. A corporation, partnership, trust or other legal entity may need to provide other information, such as its principal place of business, local office, employer identification number, certified articles of incorporation, government-issued business license, a partnership agreement or a trust agreement. U.S. Department of the Treasury, Securities and Exchange Commission, and FINRA rules already require you to provide most of this information. These rules also may require you to provide additional information, such as your net worth, annual income, occupation, employment information, investment experience and objectives and risk tolerance. If I don't provide the information requested and My identity cannot be verified, SogoTrade may not be able to open an Account or carry out transactions for Me. If SogoTrade has already opened an Account for Me, You may have to close it.

I understand that You may take steps to verify the accuracy of the information I provide to You in My Account application or otherwise, including obtaining a report from an agency (such as Experian or Trulioo), and that You may restrict My access to My Account pending such verification. I agree to promptly notify You of any changes in the information including, but not limited to, My name, address, e-mail address and telephone number.

**7. Telephone Conversations; Electronic Communications and Wireless Carrier.** I understand and agree that You may record and monitor any telephone or electronic communications with Me. Unless otherwise agreed in writing in advance, You do not consent to the recording of telephone conversations by any third party or Me. I acknowledge and understand that not all telephone or electronic communications may be recorded by You, and You do not guarantee that recordings of any particular telephone or electronic communications will be retained or capable of being retrieved. I authorize My wireless carrier to use or disclose information about My account and My wireless device, if available, to You or Your third-party service providers for the duration of this Agreement, solely to help You identify Me or My wireless device and to prevent fraud.

**8. Credit Verification.** I authorize SogoTrade to obtain a consumer credit report at the time of application to verify My creditworthiness and to obtain a consumer report from time to time for updates, renewals, extensions, and collection activity on any approved account. Upon My written request, SogoTrade will disclose to Me whether it obtained a report, and if so, the name and address of the consumer-reporting agency that provided it. I authorize SogoTrade to provide to Apex information regarding My consumer credit report(s).

**9. Restrictions on Trading.** I understand that You may, in Your discretion, prohibit or restrict the trading of securities, or the substitution of securities, in any of My Accounts. I understand that You may execute all orders by Me on any exchange or market, unless I specifically instruct You to the contrary. In the event

of a breach or default by Me under this Agreement, You shall have all rights and remedies available to a secured creditor under all applicable laws and in addition to the rights and remedies provided herein.

I understand that You may at any time, at Your sole discretion and without prior notice to Me:

- (i) prohibit or restrict My access to the use of the web site or related services and My ability to trade;
- (ii) You may refuse to accept any of My transactions;
- (iii) You may refuse to execute any of My transactions; and/or
- (iv) You may terminate My Account.

The closing of My Account will not affect the rights and/or obligations of either party that was incurred prior to the date My Account is closed. If SogoTrade or Apex writes off any obligation or unpaid debit balance in My Account, it will not affect any of Your rights to pursue collection activities against Me, including litigation.

**10. Bulletin Board/Pink Sheet Stocks.** Bulletin board, pink sheet and other thinly-traded securities ("bulletin board stocks") present particular trading risks, in part because they are relatively less liquid and more volatile than actively traded securities listed on a major exchange. I understand that bulletin board stocks may be subject to different trading rules and systems than other securities and that I may encounter significant delays in executions, reports of executions and updating of quotations in trading bulletin board stocks. SogoTrade in its sole discretion may require limit orders on certain bulletin board stock transactions.

**11. Buy Orders; Settlements.** All orders for the purchase of securities given for My Account will be authorized by Me and executed in reliance on My promise that an actual purchase is intended. It is My intention and obligation to pay for purchases immediately or on SogoTrade's demand. I understand SogoTrade may at any time, in its sole discretion and without prior notice to Me, prohibit or restrict My ability to trade securities. I further agree not to allow any person to trade for My Account unless a trading authorization for that person has been received and approved by SogoTrade. In the event that I fail to provide sufficient funds, You may, at Your option and without notice to Me, i) charge a reasonable rate of interest, ii) liquidate the Property subject of the buy order, or iii) sell other Property owned by Me and held in any of My Accounts. You may also charge any consequential loss to My Account.

## **12. Market Volatility; Market Orders; and Limit Orders**

I understand that, whether I place a market or limit order, I will receive the price at which My order is executed in the marketplace. Particularly during periods of high volume, illiquidity, fast movement or volatility in the marketplace, the execution price received may differ from the quote provided on entry of an order, and I may receive partial executions of an order at different prices. I understand that SogoTrade is not liable for any price fluctuations. I also understand that price quotes generally are for only a small number of shares as specified by the marketplace, and larger orders are relatively more likely to receive executions at prices that vary from the quotes or in multiple lots at different prices. Securities may open for trading at prices substantially higher or lower than the previous closing price or the anticipated price. If I place a market order (whether during normal market hours or when the market is closed), I agree to pay or receive the prevailing market price at the time My market order is executed. I understand that the price I pay may be significantly higher or lower than anticipated at the time I placed the order. To avoid buying a security at a higher price and possibly exceeding My purchasing power, or selling it at a lower price than I desire, I understand I can enter a limit order. I also understand that limit orders may not be executed at any particular time, or at all if there is not sufficient trading at or better than the limit price I specify. The

SogoTrade web site contains further information regarding orders types and limitations, which I agree to read and understand before placing such orders.

As a customer of SogoTrade, I understand that after the market has closed for the day, I have the ability to place in a queue order request to be executed the following day upon the opening of the market ("Queued Order"). I understand that My Queued Order request is prioritized based on the order in which it is received by SogoTrade, and that the Queued Order requests are sent out for execution shortly after the market opens on the next day of trading. I further understand that each Queued Order request is sent out per customer and per security as SogoTrade market orders (described above), and that they are not aggregated.

A limit order may be "good till cancelled" which means the order remains valid until (A) it is executed; (B) I cancel the order; (C) approximately 60 days from when the order is placed; or (D) the contract to which it relates is closed. I understand that You will cancel "good till cancelled" and "good till date" orders at the end of every trading day (on the exchange on which the instrument to which the contract relates is traded) and place such order again at the start of the following trading day. This process will be repeated every day for as long as the "good till cancelled" or "good till date" order remains valid. I further agree that any "good till cancelled" and "good till date" orders I place should be treated as "do not reduce" orders.

### **13. Margin Accounts**

**Services Provided:** I understand if I am approved for a margin account, Apex agrees to extend credit to Me in accordance with their margin account rules. I acknowledge I will, at all times, be liable for the payment, upon demand, of any debit balance or other charges.

**Maintenance of Margin:** I will, at all times, maintain such securities and other property in My Account as margin collateral as required by SogoTrade, Apex and/or applicable exchange and federal regulations. A margin call may be issued if My Account equity falls below such requirements. SogoTrade and/or Apex retain sole discretion to determine whether additional collateral will be required. I acknowledge that SogoTrade and/or Apex are not obligated to provide Me with additional time to meet a margin call in the event My Account falls below minimum margin requirements. I understand market conditions or other circumstances may not allow SogoTrade and/or Apex to give Me notice when My Account equity becomes deficient or to allow Me time in which to deposit additional equity. I acknowledge and agree that SogoTrade and/or Apex reserves the right in their sole discretion to sell securities and other property held in My Account(s) as collateral, to cancel open orders, to buy securities and other property which may be short in My Account, to close open option positions and to take any other action SogoTrade and/or Apex deem necessary for their protection, all without prior notice, advertisement or demand to Me.

**Pledge of Securities and Other Property.** All securities and other property now or hereafter held, carried or maintained by Apex in or for any account in which I have an interest may be pledged, re-pledged, hypothecated or re-hypothecated by Apex from time to time without notice, either separately or in common with other securities and property for any amount due in My Accounts or for any greater amount and Apex may do so without retaining in their possession or under their control for delivery a like amount of similar securities or other property. I also authorize Apex to lend to themselves or others any securities or other property held by Apex on margin from My Account or any accounts under My control.

**Interest Charges of Debit Balances:** I understand My Account will be charged interest monthly on the average daily net debit balance in all of My Accounts, in accordance with Apex's margin rules, at the prevailing rate as determined by Apex. The interest charged will appear on My monthly statement and will

indicate the rate and the period covered. The rate may change from time to time without prior notice, due to fluctuations in interest rates or other causes. Interest charges are based on a 360-day interest year. Interest is computed from the 16th day of the preceding month to the 15th day of the current month, except in January and December. In January, interest is computed from the 1st day of the month to the 15th. In December, interest is computed from the 16th day of the month to the 31st. In calculating margin interest, free credit balances in all accounts will be offset against any debit in the margin account and interest will be charged on the net debit balance, if any.

**Sales and Short Sales:** I agree that any "short" sale shall be designated as such to You at the time I place such an order and I hereby authorize You to mark such order "short." I acknowledge that a short sale is the sale of a security I do not own and that to facilitate a short sale Apex must borrow stock to cover the delivery to the purchaser(s). If the stock is recalled by the lender(s) of the securities, Apex will attempt to re-borrow the securities, but Apex may be forced to cover My short position on the open market at the then current market price. I will be liable Apex or You for any debit balance remaining after a short position has been closed out. If any securities that I borrow are deemed as "hard to borrow", additional fees will be charged.

I agree to meet the appropriate margin requirements for My short account as required by You, Apex and/or applicable exchange or federal regulations. The credit balance generated by short sales in My Account is not a free credit balance. If the market value of My short account is greater than the short account credit balance, interest will be charged on the appreciation in value of the short positions. If the market value of My short account is less than the short account credit balance, interest on any debit in the account will be reduced in relation to the decline in value. Each end of day closing price is used to determine the increase or decrease in the short account and My Account is thus marked to the market daily.

I promise to deliver all securities sold in My Account and to provide collateral of a type and amount acceptable to SogoTrade for all short sales in My Account. SogoTrade requires that a security be held in an account prior to the acceptance of a sell order with respect to such security unless the order is specifically designated as a "short sale." If a security is not held in My Account and a sell order is processed, I must promptly deliver such security to SogoTrade for receipt in good deliverable form on or before the settlement date. Any order accepted without negotiable certificates or positions in My Account will be subject, at SogoTrade's sole discretion, to cancellation or buy-in. To ensure this will not occur, I agree to only place sell orders for securities owned by Me and held in My Account at the time My order is placed. Proceeds of a sale will not be paid to Me or released into My Account until SogoTrade has received the security in good deliverable form, whether from a transfer agent or from Me and the settlement of the security is complete. Instructions on how to properly endorse a certificate and deliver it to SogoTrade are located on the SogoTrade web site. If the security is not received on or before settlement date, or as market conditions warrant, SogoTrade may in its sole discretion purchase the security on the open market for My Account and may liquidate and close out any and all securities in My Account in order to pay for such purchase. In the event a security is bought in, I will be responsible for all resulting Losses incurred by SogoTrade. I understand that I may execute short sales only in a Margin Account (see Apex Margin Account Agreement and Disclosure" for more information) and that such execution must comply with applicable short sales rules.

**14. Payment of Indebtedness.** In the event I become indebted to You in the course of the operation of My Account, I agree that I will repay such indebtedness upon demand. I agree that if after demand I fail to pay the indebtedness, You may close My Account and liquidate any assets in My Account at Your discretion in an amount sufficient to pay My indebtedness. As security for any and all liabilities arising in favor of You, I pledge to You a first priority perfected security interest in all Property held by You in any account

maintained by You for Me individually, jointly or in the name of another person or entity. You are hereby authorized to make whatever disposition of pledged Property You may deem appropriate to realize the security afforded by this provision, and I will remain liable for any deficiency. I further agree that You shall be entitled to exercise the rights and remedies, with respect to the pledged Property, generally afforded a secured party under the Uniform Commercial Code. The reasonable costs of collection of any debit balance and any unpaid deficiency in My Accounts, including attorney's fees and expenses incurred by You, shall be reimbursed by Me to You. For all purposes of this Agreement, the word "Property" (unless stated otherwise) means all monies and contracts, investments and options, whether for present or future delivery, and all distributions, proceeds, products and accessions of all such property. This includes all such property held, maintained or carried by Apex in any manner for Me.

**15. SIPC and Other Insurance Coverage.** I understand that You are a member of the Securities Investor Protection Corporation ("SIPC"), which provides protection for accounts up to \$500,000 (including \$250,000 for claims of cash) per client as defined by SIPC rules. An explanatory brochure is available upon request or at [www.sipc.org](http://www.sipc.org) or via telephone at (202) 371-8300. I understand that Apex may provide additional insurance to supplement SIPC protection. For more information concerning this, please reference Apex's [SIPC disclosure](#).

**16. Equity Orders and Payment For Order Flow.** SEC rules require all registered broker-dealers to disclose their policies regarding any "payment for order flow" arrangement in connection with the routing of customer orders. "Payment for order flow" includes, among other things, any monetary payment, service, property, or other benefit that results in remuneration, compensation, or consideration to a broker or dealer from any broker or dealer in return for directing orders. You transmit customer orders for execution to various exchanges or market centers based on a number of factors. These include: size of order, trading characteristics of the security, favorable execution prices (including the opportunity for price improvement), access to reliable market data, availability of efficient automated transaction processing and reduced execution costs through price concessions from the market centers. Certain of the market centers may execute orders at prices superior to the publicly quoted market in accordance with their rules or practices. The order-routing policies, taking into consideration all of the factors listed above, are designed to result in favorable transaction processing for customers. The nature and source of any payments and/or credits received by You in connection with any specific transactions will be furnished upon written request.

**17. Fees and Charges.** I understand that there are charges for executing buy and sell orders and for other services provided under this Agreement. I acknowledge that I am responsible for and agree to pay all applicable federal, state and local taxes associated with My Account. I authorize You to automatically debit My Account for any such brokerage commissions, charges, fees and taxes. I agree to pay such commissions and fees at the then applicable prevailing rates, and I acknowledge that the prevailing rates of commissions and fees may change and that change may occur without notice. I agree to be bound by such changes. You can access and review a list of all fees and charges at <https://content.sogotrade.com/sogotrade/commission/commissionEn.html>, or by clicking the "Schedule of Fees" link at the bottom of the page at [www.sogotrade.com](http://www.sogotrade.com).

**18. ACH and International Wire Transfers.**

**ACH Transfers.** I acknowledge money deposited via Automated Clearing House ("ACH") is normally not available for withdrawal for 5 business days. Within 60 days of the date of My ACH deposit, My funds may only be withdrawn to the bank account from which such funds were deposited. I understand that for the ACH transfers to be established, at least one common name must match exactly between My SogoTrade account and My bank accounts. To send and receive ACHs My bank must be a member of the ACH

system. For ACH transactions, An ACH bank reversal may occur when (A) there are insufficient funds in My bank account, (B) there is a duplicate transaction, (C) the transaction is denied, or (D) the type of account is incorrect. I acknowledge that in the event of an ACH bank reversal, I will incur a fee. Before making an ACH transfer, I agree to check SogoTrade's most recent Commissions and Fees Schedule. I agree that I am solely liable and responsible for any ACH reversal fees that I incur.

**International Wire Transfers.** If I arrange for a wire transfer to be directed to My Account, I am responsible for ensuring that such wire is initiated properly, addressed properly, and bears appropriate wire instructions in exactly the form required by You for identification of Me and My Account. I understand that any erroneous, mismatched or incomplete identifying information on an incoming wire transfer may result in such wire being rejected, lost, posted to an incorrect Account or returned to the originating bank without notice to Me and I agree to indemnify and hold You and Your affiliates harmless from any Losses arising out of or relating to any erroneous, mismatched or incomplete identifying information on an incoming wire.

By sending You a wire transfer request, I authorize You and Your bank service provider to act on my behalf to initiate the wire transfer or check disbursement. It is My responsibility to ensure that My instructions are accurate before requesting You to initiate a wire transfer. In order to complete My wire transfer request, My name and My address on file in My Account must match what I have on file at the recipient bank; and I must provide the correct recipient bank's name, recipient bank's address, recipient bank account number, and BIC/SWIFT code.

In accepting wire transfer requests, You may rely upon the identifying number (such as routing number, account number and BIC/SWIFT code) of the recipient, the recipient's financial institution or any intermediary bank, as instructed. Also, the recipient's bank in the wire transfer requests may make payment on the basis of the identifying number even if it identifies a person or entity different from the named recipient. If I provided You with incorrect instructions or recipient information I may lose the amount of the wire transfer. I agree to indemnify and hold You and Your affiliates harmless from any Losses arising out of or relating to any erroneous, mismatched or incomplete identifying information on an outgoing wire.

I must have sufficient available balance in My Account to cover the wire transfer amount and the wire transfer fee at the time I send You the wire transfer request. You will not be obligated to make any wire transfer unless I have sufficient available balance in My Account to cover the wire transfer amount and the wire transfer fee at the time I send You the wire transfer request. You have the right to neither send nor process any wire transfer request without notice in the event of insufficient available funds.

All wire transfer requests provided to You are subject to Your review and acceptance. Your confirmation, if any, of the receipt of My wire transfer request is an indication only that You have received My wire transfer request. You reserve the right to refuse to pay any wire transfer recipient whom I designate in the wire transfer request.

A wire transfer request cannot be amended or canceled after You receive it. You may in Your sole discretion attempt to abide by a subsequent request for a change, but You are not obligated to do so. Any acceptance by You of a request by Me to amend, recall, or trace a wire transfer is made conditionally upon the express understanding by Me that You cannot guarantee fulfillment of such a

request and that You are not responsible for any failure to change, recall, or trace such wire transfer. I agree to indemnify and hold You and Your affiliates harmless from any Losses arising out of or relating to an attempt to amend or cancel a wire transfer.

All wire transfer requests received by You after the cutoff time will be reviewed and processed within a commercially reasonable time, generally within one business day. Wire transfer requests entered after the cutoff time may start to process immediately, in Your sole discretion. I understand that any cutoff times referenced in this Agreement reflect the times displayed on Your internal system clocks and may not necessarily be synchronized with the internal clock displayed on My personal device. For this reason, You suggest that I send any wire transfer requests to You sufficiently in advance of such cutoff times to eliminate the possibility of missing the cutoff.

Notwithstanding any information I provide on My wire transfer request to the contrary, You reserve the right to use any funds transfer system and intermediary bank in the execution of My wire transfer request, and You may use any means of executing wire transfer requests that You deem reasonable in the circumstances. I authorize such funds transfer systems and any intermediary or recipient banks to deduct fees from the funds transferred. I understand that You or any intermediary or recipient banks may apply their prevailing currency exchange rate(s) in the conversion and payment of funds. I am aware that currency exchange rates fluctuate over time and I accept the risks of such fluctuation. I also understand that all incoming and outgoing wire transfers must be in U.S. dollars.

I agree that I will not hold You liable for any damages resulting from an intermediary or recipient bank's decision not to accept any wire transfer. You are not responsible for any fees, delay, misplacement, loss, errors, any act or failure to act by You or an intermediary or recipient bank or any other third party. I agree that My wire transfers are subject to the fees set forth in Your Commissions and Fees schedule. I also agree that I am solely responsible for all such fees, including, without limitation, wire transfer reversal fees for both incoming and outgoing wire transfer requests. Additionally, I agree that I am solely responsible for any additional fees that any originating, intermediary, or recipient banks may charge.

**19. Waiver; Limitation of Liability; Indemnification.** I agree that My use of the App or the Website or any other service provided by SogoTrade or its Affiliates is at My sole risk. The SogoTrade service (including the App, the Website, the provision of Market Data, Information, Content, or any other information provided by SogoTrade, any of its Affiliates, or any third-party content provider or market data provider) is provided on an "as is," "as available" basis without warranties of any kind, either express or implied, statutory (including without limitation, timeliness, truthfulness, sequence, completeness, accuracy, freedom from interruption), implied warranties arising from trade usage, course of dealing, course of performance, or the implied warranties of merchantability or fitness for a particular purpose or application, other than those warranties which are implied by and incapable of exclusion, restriction or modification under the laws applicable to this Agreement.

I UNDERSTAND AND AGREE THAT YOU, YOUR AFFILIATES, YOUR RESPECTIVE OFFICERS, DIRECTORS, AND EMPLOYEES, AND THE PROVIDERS WILL NOT BE LIABLE TO ME OR TO THIRD PARTIES UNDER ANY CIRCUMSTANCES, OR HAVE ANY RESPONSIBILITY WHATSOEVER, FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS, TRADING LOSSES, AND DAMAGES) THAT I MAY INCUR IN CONNECTION WITH MY USE OF THE SERVICE PROVIDED BY YOU UNDER THIS AGREEMENT, INCLUDING MY USE



OF THE APP, THE WEBSITE, THE MARKET DATA, THE INFORMATION, OR THE CONTENT.

YOU, YOUR AFFILIATES, AND YOUR RESPECTIVE OFFICERS, DIRECTORS, AND EMPLOYEES SHALL NOT BE LIABLE BY REASON OF DELAYS OR INTERRUPTIONS OF THE SERVICE OR TRANSMISSIONS, OR FAILURES OF PERFORMANCE OF YOUR SYSTEM, REGARDLESS OF CAUSE, INCLUDING THOSE CAUSED BY GOVERNMENTAL OR REGULATORY ACTION, THE ACTION OF ANY EXCHANGE OR OTHER SELF REGULATORY ORGANIZATION, THOSE CAUSED BY INTERNET OR OTHER COMMUNICATION DISCONNECTIONS, OR THOSE CAUSED BY SOFTWARE OR HARDWARE MALFUNCTIONS.

Except as otherwise provided by law, You, Apex or any of Your or Apex's affiliates or respective partners, officers, directors, employees or agents (collectively, "Indemnified Parties") shall not be liable for any expenses, losses, costs, damages, liabilities, demands, debts, obligations, penalties, charges, claims, causes of action, penalties, fines and taxes of any kind or nature (including legal expenses and attorneys' fees) (whether known or unknown, absolute or contingent, liquidated or unliquidated, direct or indirect, due or to become due, accrued or not accrued, asserted or unasserted, related or not related to a third party claim, or otherwise) (collectively, "Losses") by or with respect to any matters pertaining to My Account, except to the extent that such Losses are actual Losses and are determined by a court of competent jurisdiction or an arbitration panel in a final non-appealable judgment or order to have resulted solely from Your, Apex's or any of Your or Apex's affiliates' gross negligence or intentional misconduct; further provided, that You or Your Affiliates shall not be liable for any Losses that have resulted from Apex's or any of Apex's affiliates' gross negligence or intentional misconduct.

In addition, I agree that the Indemnified Parties shall have no liability for, and I agree to indemnify, defend and hold harmless the Indemnified Parties from all Losses that result from:

- (i) any noncompliance by Me with any of the terms and conditions of this Agreement;
- (ii) any third-party actions related to My receipt and use of any Information, Market Data, Content, market analysis, other third-party content, or other such information obtained on the App or Website, whether authorized or unauthorized under this Agreement;
- (iii) any third-party actions related to My use of the App or the Website;
- (iv) My or My agent's misrepresentation or alleged misrepresentation, or act or omission;
- (v) Indemnified Parties following My or My agent's directions or instructions, or failing to follow My or My agent's unlawful or unreasonable directions or instructions;
- (vi) any activities or services of the Indemnified Parties in connection with My Account (including any technology services, reporting, trading, research or capital introduction services); or
- (vii) the failure by any person not controlled by the Indemnified Parties and their affiliates to perform any obligations to Me.

Further, if I authorize or allow third parties to gain access to Your services, including My Accounts, I will indemnify, defend and hold harmless You, Your Affiliates, and Your and Your Affiliates' respective officers and employees against any Losses arising out of claims or suits by such third parties based upon or relating to such access and use.

SogoTrade does not warrant against loss of use or any direct, indirect or consequential damages or Losses to Me caused by My assent, expressed or implied, to a third party accessing My Account or information, including access provided through any other third-party systems or sites.

I consent to the use of automated systems or service bureaus by You and Apex and Your respective affiliates in conjunction with My Account, including automated order entry and execution, record keeping, reporting and account reconciliation and risk management systems (collectively "Automated Systems"). I understand that the use of Automated Systems entails risks, such as interruption or delays of service, errors or omissions in the information provided, system failure and errors in the design or functioning of such Automated Systems (collectively, a "System Failure") that could cause substantial damage, expense, or liability to Me. I understand and agree that Indemnified Parties will have no liability whatsoever for any of My Losses arising out of or relating to a System Failure.

I also agree that Indemnified Parties will have no responsibility or liability to Me in connection with the performance or non-performance by any exchange, clearing organization, market data provider, or other third party (including other broker-dealers and clearing firms, and banks) or any of their respective agents or affiliates, of its or their obligations relative to any securities. I agree that Indemnified Parties will have no liability, to Me or to third parties, or responsibility whatsoever for: (i) any Losses resulting from a cause over which Indemnified Parties do not have direct control, including the failure of mechanical equipment, unauthorized access, theft, operator errors, government restrictions, force majeure (as defined in this Agreement), market data availability or quality, exchange rulings or suspension of trading; and (ii) any special, indirect, incidental, consequential, punitive or exemplary damages (including lost profits, trading losses and damages) that I may incur in connection with My use of the App, the Website, Your or Apex's brokerage, and other services provided by Indemnified Parties under this Agreement. Further, if I authorize or allow third parties to gain access to Your services, including My Accounts, I will indemnify, defend and hold harmless You, Your affiliates, and Your and Your affiliates' respective officers and employees against any Losses arising out of claims or suits by such third parties based upon or relating to such access and use.

**20. Joint Accounts; Indemnification.** Where I open a joint account, it shall be held by You in joint tenancy with rights of survivorship, unless I notify You otherwise and provide the required documentation. For tenants in common, the interest in the tenancy shall be equal, unless We notify You otherwise. If the Account is a joint account, then in consideration of Your carrying a joint account for Us, We jointly and severally agree to be fully and completely responsible and liable for the Account and to pay on demand any balance due. Each of Us, or any person authorized to act on behalf of the Account under a separate agreement, has full power and authority to make purchases and sales, withdraw funds and securities from, or to do anything else with reference to the Account. You are authorized and directed to act upon instructions received from any of Us. We understand that tax reporting information is processed using the social security number of the person first named in the registration. Each of Us agrees to hold harmless You, Your Affiliates, and Your and Your Affiliates' respective officers and employees from and indemnify them against any Losses arising from or as the result of You, Your Affiliates, and Your and Your Affiliates' officers and employees following the directions or instructions of any of Us, or failing to follow the unlawful or unreasonable directions or instructions of any of Us. You in Your sole discretion may at any time suspend all activity in the Account pending instructions from a court of competent jurisdiction or require that instructions pertaining to the Account or the Property therein be in writing, signed by all of Us. You may recover from the Account or from any of Us such costs as You may incur, including reasonable attorney's fees, as the result of any dispute among Us relating to or arising from the Account. Upon any event that causes a change in the ownership of the Account (divorce, death, assignment, etc.), all remaining accountholders or survivors shall immediately notify You in writing. You may take such actions in the Account as You deem advisable to protect against any Loss under any present or future laws or otherwise. The estate of the decedent or departing accountholder shall be liable together with each of the remaining or surviving accountholders, jointly and severally, to You for any net debit balance or loss in the Account in any way resulting from any transactions initiated prior to notification to You or incurred in the

liquidation of the Account or the adjustment of the interests of the respective parties, and for all other obligations pursuant to this Agreement. I understand that Legal ownership of our Accounts shall be governed by the internal laws of the state of residence of the person first named in the registration. I also understand that laws covering joint or community property vary by state and that I am responsible for verifying that the joint registration I choose is valid in My state. Accordingly, I acknowledge that You have encouraged Me to consult My own attorney for this purpose.

In the event of a dispute between or among account holders of which SogoTrade has notice, SogoTrade reserves the right, but is not obligated, to place restrictions on the Account. For example, if an Account holder requests a restriction be placed on access to funds in the Account because of a pending litigation or dispute between Account holders, SogoTrade may prohibit all transfers of funds from the Account, with such restrictions to remain in place until SogoTrade actually receives and has a reasonable amount of time to act on appropriate court documentation or a written, notarized instruction signed by all Account holders. In such a case, all Account holders remain liable for any pending settlements at the time of the restriction. SogoTrade also may, at the expense of the Account holders, commence or defend any action or proceeding for or in the nature of interpleader to have the dispute resolved judicially. If a suit or proceeding for or in the nature of interpleader is brought by or against it, SogoTrade may deliver the Account into the registry of the court, at which time SogoTrade will be deemed to be and will be released and discharged from all further obligations and responsibilities under this Agreement.

**21. Accounts for Minors.** I understand that accounts established under the Uniform Transfers to Minors Act (UTMA) or Uniform Gifts to Minors Act (UGMA) may require funds or security transfers to go to other custodial accounts in the name of the minor beneficiary and custodian, and that SogoTrade may require proof of the titling of the recipient account. I understand that the minor beneficiary may be required to open a new account at SogoTrade upon the age of majority to receive the funds or securities in the custodial account.

**22. Market Data; Waiver of Liability; Limitation of Liability.** I understand that each participating national securities exchange or association asserts a proprietary interest in all of the market data it furnishes to parties that disseminate said data. I understand that neither SogoTrade nor any participating national securities exchange or association nor any supplier of market data guarantees the timeliness, sequence, accuracy, completeness, reliability or content of market information, or messages disseminated to or by any party. I understand that neither SogoTrade nor any participating national securities exchange or association nor any supplier of market data warrants that the service will be uninterrupted or error-free. I agree that My use of SogoTrade's web site or any SogoTrade service is at My sole risk. The SogoTrade service is provided on an "as is," "as available" basis without warranties of any kind, either express or implied, including, without limitation, those of merchantability and fitness for a particular purpose, other than those warranties which are implied by and incapable of exclusion, restriction or modification under the laws applicable to this Agreement. I acknowledge and agree that neither the OPRA Participants ("Participants" and/or "Exchanges") nor the processor under the OPRA Plan (the "Disseminating Parties" and/or "SogoTrade") guarantee the timeliness, sequence, accuracy or completeness of Market Data or of other market information or messages disseminated by any Disseminating Party. I understand and acknowledge that each national securities exchange that is a participant in the OPRA Plan ("OPRA Participant") has a proprietary interest in the Market Data that originates or derives from it or its markets. For the purposes of this Section 22 only, "Market Data" means (i) options last sale reports, (ii) options quotation information, (iii) such index and other market information as the OPRA participants may from time to time make available, and (iv) all information that derives from any such information.

NEITHER I NOR ANY OTHER PERSON SHALL HOLD ANY DISSEMINATING PARTY LIABLE IN ANY WAY FOR (A) ANY INACCURACY, ERROR OR DELAY IN, OR OMISSION FROM, I) ANY SUCH DATA, INFORMATION OR MESSAGE OR II) THE TRANSMISSION OR DELIVERY OF ANY SUCH DATA, INFORMATION OR MESSAGE, OR (B) ANY LOSS OR DAMAGE ARISING FROM OR OCCASIONED BY I) ANY SUCH INACCURACY, ERROR, DELAY OR OMISSION, II) NON-PERFORMANCE OR III) INTERRUPTION IN ANY SUCH DATA, INFORMATION OR MESSAGE, WHETHER DUE TO ANY NEGLIGENT ACT OR OMISSION BY ANY DISSEMINATING PARTY, OR TO ANY "FORCE MAJEURE" (E.G., FLOOD, EXTRAORDINARY WEATHER CONDITIONS, EARTHQUAKE OR OTHER ACT OF GOD, FIRE, WAR, INSURRECTION, RIOT, LABOR DISPUTE, ACCIDENT, ACTION OF GOVERNMENT, OR COMMUNICATIONS OR POWER FAILURE, EQUIPMENT OR SOFTWARE MALFUNCTION) OR OTHER CAUSE BEYOND THE REASONABLE CONTROL OF ANY DISSEMINATING PARTY. NEITHER YOU NOR ANY DISSEMINATING PARTY SHALL BE LIABLE, AND I AGREE TO INDEMNIFY AND HOLD HARMLESS SOGOTRADE AND SUCH DISSEMINATING PARTY, FOR ANY INACCURACY, ERROR OR DELAY IN, OR OMISSION OF, (1) ANY SUCH DATA, INFORMATION OR MESSAGE, OR (2) THE TRANSMISSION OR DELIVERY OF ANY SUCH DATA, INFORMATION OR MESSAGE; OR ANY LOSS OR DAMAGE ARISING FROM OR OCCASIONED BY (A) ANY SUCH INACCURACY, ERROR, DELAY OR OMISSION, (B) NON-PERFORMANCE, OR (C) INTERRUPTION IN ANY SUCH DATA, INFORMATION OR MESSAGE, DUE EITHER TO ANY ACT OR OMISSION BY SOGOTRADE OR ANY DISSEMINATING PARTY OR TO ANY "FORCE MAJEURE" (AS DEFINED ABOVE) OR ANY OTHER CAUSE BEYOND THE REASONABLE CONTROL OF SOGOTRADE OR ANY DISSEMINATING PARTY. I UNDERSTAND AND AGREE THAT YOU WILL NOT BE LIABLE TO ME OR TO THIRD PARTIES, OR HAVE ANY RESPONSIBILITY WHATSOEVER, FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS, TRADING LOSSES AND DAMAGES) THAT I MAY INCUR IN CONNECTION WITH MY USE OF THE SERVICE PROVIDED BY YOU UNDER THIS AGREEMENT.

**23. Trusted Contact.** Under FINRA Rule 4512 SogoTrade is required to disclose to You that our clearing firm, Apex or an associated person of SogoTrade and Apex, is authorized to contact the trusted contact person and disclose information about Your account to address possible financial exploitation, to confirm the specifics of Your current contact information, health status, or the identity of any legal guardian, executor, trustee or holder of a power of attorney, or as otherwise permitted by FINRA Rule 2165.

**24. Event of Death.** It is further agreed that in the event of My death or the death of one of the joint account holders, the representative of My estate or the survivor or survivors shall immediately give You written notice thereof, and You may, before or after receiving such notice, take such proceedings, require such papers and inheritance or estate tax waivers, retain such portion of and/or restrict transactions in the Account as You may deem advisable to protect You against any tax, liability, penalty or loss under any present or future laws or otherwise. Notwithstanding the above, in the event of My death or the death of one of the joint account holders, all open orders shall be canceled, but You shall not be responsible for any action taken on such orders prior to the actual receipt of notice of death. Further, You may in Your discretion close out any or all of the Accounts without awaiting the appointment of a personal representative for My estate and without demand upon or notice to any such personal representative. The estate of any of the account holders who shall have died shall be liable and each survivor shall continue to be liable, jointly and severally, to You for any net debit balance or loss in said account in any way resulting from the completion of transactions initiated prior to the receipt by You of the written notice of the death of the decedent or incurred in the liquidation of the Account or the adjustment of the interests of the respective parties. Such notice shall not affect Your rights under this Agreement to take any action that You could have taken if I had not died.

**25. Tax Reporting; Tax Withholding.** The proceeds of sale transactions and dividends paid will be reported to the Internal Revenue Service ("IRS") in accordance with applicable law.

**A. U.S. Persons.** This subsection is applicable if I am a U.S. Person (including a U.S. resident alien) as such term is defined in section 7701(a)(30) of the Internal Revenue Code of 1986, as amended ("U.S. Person"). Under penalties of perjury, I certify that the taxpayer identification number that I have provided or will provide to You (including any taxpayer identification number on any Form W-9 that I have provided or will provide to You) is My correct taxpayer identification number. I certify that I am not subject to backup withholding and I am a United States Person. If a correct Taxpayer Identification Number is not provided SogoTrade, I understand I may be subject to backup withholding tax at the appropriate rate on all dividends, interest and gross proceeds paid to Me. Backup withholding taxes are sent to the IRS and cannot be refunded by SogoTrade. I further understand that if I waive tax withholding and fail to pay sufficient estimated taxes to the IRS, I may be subject to tax penalties.

**B. Non-U.S. Persons.** This subsection is applicable if I am not a U.S. Person. I certify that I fully understand all the information on any Form W-8BEN that I have submitted or will submit to You. Under penalties of perjury, I declare that (i) I have examined all the information (including all the information in the English language) on any Form W-8BEN that I have submitted or will submit to You and (ii) to the best of My knowledge and belief all such information is true, correct, and complete. I authorize You to provide any such Form W-8BEN to Apex or any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner. I agree that I will submit a new Form W-8BEN to You within 30 calendar days if any certification made on any previously submitted Form W-8BEN becomes incorrect. I understand that the IRS does not require My consent to any provisions of such Form W-8BEN other than the certifications required to establish My status as a non-U.S. Person and, if applicable, obtain a reduced rate of withholding.

## **26. ARBITRATION.**

**A. This Agreement contains a pre-dispute arbitration clause. By signing an arbitration agreement, the parties agree as follows:**

**(1) 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.**

**(2) Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.**

**(3) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.**

**(4) The arbitrators do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date.**

**(5) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.**

(6) 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 to court.

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

**B. Any controversy or claim arising out of or relating to this Agreement shall be settled by arbitration in accordance with the rules of FINRA Dispute Resolution, Inc. ("FINRA DR"). I agree to arbitrate any controversy or claim before FINRA DR in the State of Missouri.**

**C. This agreement to arbitrate constitutes a waiver of the right to seek a judicial forum unless such a waiver would be void under the federal securities laws. If I am a foreign national, non-resident alien, or if I do not reside in the United States, I agree to waive My right to file an action against You in any foreign venue.**

**D. No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (1) the class certification is denied; (2) the class is decertified; or (3) 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 Agreement except to the extent stated herein.**

**27. Miscellaneous Provisions.** The following provisions shall also govern this Agreement:

**A. Interpretation.** The heading of each provision hereof is for descriptive purposes only and shall not be (1) deemed to modify or qualify any of the rights or obligations set forth herein or (2) used to construe or interpret any of the provisions hereunder. When a reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The word "or," when used in this Agreement, has the inclusive meaning represented by the phrase "and/or." Unless the context of this Agreement otherwise requires: (i) words using the singular or plural number also include the plural or singular number, respectively; and (ii) the terms "hereof," "herein," "hereunder" and derivative or similar words refer to this entire Agreement. References to any law shall be deemed to refer to such law as amended from time to time and to any rules or regulations promulgated thereunder. All personal pronouns used in the Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, if and where applicable.

**B. Binding Effect; Assignment.** This Agreement shall bind My heirs, assigns, executors, successors, conservators and administrators. I may not assign this Agreement or any rights or obligations under this Agreement without first obtaining Your prior written consent. You may assign, sell, or transfer My Account and this Agreement, or any portion thereof, at any time, without My prior consent.

**C. Severability.** If any provisions or conditions of this Agreement, or any application thereof to any person, entity, or circumstance, are or become to any extent inconsistent with any present or future law, rule, or regulation of any applicable government, regulatory or self-regulatory agency or body, or are deemed to any extent invalid or unenforceable by any court of competent jurisdiction, such provisions shall be

deemed rescinded or modified, to the extent permitted by applicable law, to make this Agreement in compliance with such law, rule, or regulation, or to be valid and enforceable, but in all other respects, this Agreement shall continue in full force and effect and be valid and enforceable to the fullest extent permitted by law.

**D. Website Postings.** I agree and understand that SogoTrade may post other specific agreements, disclosures, policies, procedures, terms, and conditions that apply to My use of the App, the Website, or My Account on the Website ("Website Postings"). I understand that it is My continuing obligation to understand the terms of the Website Postings, and I agree to be bound by the Web Postings as are in effect at the time of My use.

**E. Entirety of Agreement.** This Agreement, any attachments hereto, other agreements and policies referred to in this Agreement (including the Website Postings), and the terms and conditions contained in My Account statements and confirmations, contain the entire agreement between SogoTrade and Me and supersede all prior or contemporaneous communications and proposals, whether electronic, oral, or written, between SogoTrade and Me, provided, however, that any and all other agreements between SogoTrade and Me, not inconsistent with this Agreement, will remain in full force and effect.

**F. Amendment.** You may at any time amend this Agreement without prior notice to Me. The current version of the Agreement will be posted on the Website and My continued Account activity after such amendment constitutes My agreement to be bound by all then-in-effect amendments to the Agreement, regardless of whether I have actually reviewed them. Continued use of the App, the Website or any other SogoTrade services after such posting will constitute My acknowledgment and acceptance of such amendment. I agree to regularly consult the Website for up-to-date information about SogoTrade services and any modifications to this Agreement. You are not bound by any verbal statements that seek to amend the Agreement.

**G. Termination.** You may, in Your sole discretion, terminate this Agreement, or close, deactivate, or block access to My Account at any time, or refuse to honor or take direction from any person with limited trading authority, and I agree and acknowledge that You are not obligated to provide Me with a reason or explanation for the account termination or restriction. I will remain liable to You for all obligations incurred in My Account, pursuant to this Agreement, or otherwise, whether arising before or after termination. I may terminate this Agreement after paying any obligations owed upon written notice. This Agreement survives termination of My Account.

**H. No Waiver; Cumulative Nature of Rights and Remedies.** I understand that Your failure to insist at any time upon strict compliance with any term contained in this Agreement, any delay or failure on Your part to exercise any power or right given to You in this Agreement, a continued course of such conduct on Your part, or any course of dealing with respect to any right, power, or privilege under this Agreement shall at no time operate as a waiver of such power or right, nor shall any single or partial exercise preclude any other further exercise or the exercise of any other right, power, or privilege under this Agreement. All rights and remedies given to You in this Agreement are cumulative and not exclusive of any other rights or remedies to which You are entitled.

**I. International Customers.** The products and services described on the Website are offered only in jurisdictions where they may be legally offered. Neither the Website nor the App shall be considered a solicitation for or offering of any investment product or service to any person in any jurisdiction where such solicitation or offering would not be legal. I understand that You, in Your sole discretion, may accept unsolicited accounts from non-U.S. residents, depending on the country of residence and other factors. I understand that You are based in the United States and that You accept only U.S. currency in Your

customer accounts.

J. **Governing Law.** This Agreement and all transactions made in My Account shall be governed by the laws of the State of New York (regardless of the choice of law rules thereof), except to the extent governed by the federal securities laws, FINRA Rules, and the regulations, customs and usage of the exchanges or markets (and its clearing house) on which transactions are executed.

ACCEPTED AND AGREED: I acknowledge that I have read the preceding terms and conditions of this Agreement, that I understand them and that I hereby manifest My assent to, and My agreement to comply with, those terms and conditions by checking the "I AGREE" box, the "Continue" button or other similar language.

**I ALSO UNDERSTAND THAT BY CHECKING THE "I AGREE" BOX AND SUBMITTING THE APPLICATION THAT I HAVE ACKNOWLEDGED THIS AGREEMENT CONTAINS A PREDISPUTE ARBITRATION CLAUSE IN SECTION 22 HEREIN.**



## 1. Introduction

SogoTrade, Inc. (SogoTrade, we, our or us) is registered with the Securities and Exchange Commission (SEC) as a broker-dealer and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisors, and investing.

## 2. What investment services and advice can you provide me?

We offer brokerage services to retail investors, including buying and selling securities such as stocks, ETFs and options, and margin trading. We offer mutual funds and or fixed income securities only through broker-assisted trading. We do not offer our own securities products.

- SogoTrade does not offer investment advice and we do not recommend trades in specific securities or funds to you.
- We act as your broker in connection with any transaction we execute for your account, and not as your investment adviser or fiduciary.
- We do not provide investment monitoring services for your account(s).
- Margin accounts have a \$2000 minimum otherwise no minimum account funding or maintenance size applies although we may close accounts that are unfunded or dormant.
- All activity in your brokerage account is conducted on a nondiscretionary basis, meaning you make the ultimate decision with regard to buying, selling, or holding any investments.
- We are an introducing broker-dealer. Your cash and securities will be custodied by Apex Clearing Corp., which services your account by executing, clearing and settling your trades; preparing and distributing your account statements and trade confirmations; and extending credit to margin accounts.

SogoTrade's affiliate, MarketRiders, Inc. (dba SogoTrade Asset Management ("SAM")), is registered with the SEC as an investment advisor. Form CRS for SAM can be reviewed by following this link: [SAM Form CRS](#).

**For additional information** about our products and services, please visit our homepage at <https://www.sogotrade.com>.

**Conversation Starters:** Ask your financial professional—

- **Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of service? Why or why not?**
- **How will you choose investments to recommend to me?**
- **What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?**

## 3A. What fees will I pay?

- The principal fees and costs you will incur for brokerage services are transaction-based charges when buying or selling securities, which are generally assessed on a transaction-by-transaction basis. These generally include commissions and commission equivalents. You may also incur fees and charges for custodial or administrative services, as well as fees and expenses embedded within fund products.

- Our standard retail brokerage customers pay \$2.88 commissions for online U.S. exchange listed stock, ETF and options trades. Our retail brokerage customers who participate in the “Get Paid to Trade” program pay \$2.88 for market orders, no commission for limit orders, and may qualify to receive a payment or credit on qualified limit orders. All customers pay a \$0.50 per contract fee for options trades.

- Margin trading allows you to leverage assets to increase your buying power. Margin interest rates vary depending on the base rate and the size of your debit balance. We may adjust the base rate at our discretion.

- All trades are through third parties. Retail accounts pay certain fees for account services and for regulatory fees we pass on to our customers.

- Even with our \$0 commissions, SogoTrade makes money on your trades, such as from order routing revenue. Typically, the more you trade, the more money we make.

- You will pay underlying management fees (expense ratio) or other charges for ETFs you purchase, which are explained in more detail in the ETF’s prospectus.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce the amount you make on your investments over time. Please make sure you understand what fees and costs you are paying. Actual transaction costs will be shown on the trade confirmations sent to you. **For additional information** about the fees, margin rates and costs for brokerage services, please see our Pricing available at <https://sogotrade.com/commissions-and-fees.aspx>. For additional information and qualifications on our “Get Paid to Trade” program, please see <https://sogotrade.com/GP2T.aspx>.

**Conversation Starters:** Ask your financial professional—

- **Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?**

**3B. What are your legal obligations to me with respect to providing recommendations as my broker-dealer? How else does your firm make money and what conflicts of interest do you have?**

We do not provide you with recommendations as your broker-dealer nor do we act as your investment advisor. All of the trades you make are conducted on a self-directed basis. Regardless, the way we make money creates some conflicts with your interests. Here are some examples to help you understand what this means:

- We receive order routing revenue from the third-party market centers to which we route our customer orders, and therefore we have an incentive for you to trade more. Order routing revenue is a component of our transaction-based revenues. The material aspects of our relationship with each venue, including payment for order flow arrangements, can be found in the SEC Rule 606 Disclosures at <https://sogotrade.com/SEC.aspx>. Therefore, we have a financial incentive to direct our customer orders to the market centers that provide payments or rebates to us, subject to our best execution requirements. You should also understand that our order flow revenue provides the source by which we pay or credit you for qualified limit orders.
- We make money if you borrow against the securities in your account by way of a margin loan. That is because we make a spread between the rate we pay for the money we lend you and the rate you pay to us for the loan.
- We make money in the form of interest on uninvested cash in your account.
- Some of our registered representatives may be dually registered or employed by us and our affiliate, SAM. We manage this potential conflict so that it does not affect your dealings with these companies.

**For additional information**, please visit our important documents page at <https://sogotrade.com/forms-center.aspx>.

**Conversation Starters:** Ask your financial professional—

- **How might your conflicts of interest affect me, and how will you address them?**

### **3C. How do your financial professionals make money?**

Our registered representatives are compensated through a base salary and may receive periodic bonuses based on certain metrics, such as job performance and profitability as a company. They may also receive modest compensation for referrals to SAM. As a result, our registered representatives have an incentive to have you consider asset management services through SAM.

### **4. Do you or your financial professionals have legal or disciplinary history?**

Yes. Visit [Investor.gov/CRS](https://investor.gov/CRS) or [Brokercheck](https://brokercheck) for a free and simple search tool to research us and our financial professionals. SogoTrade's CRD number is 17912.

**Conversation Starters:** Ask your financial professional—

- **As a financial professional, do you have any disciplinary history? For what type of conduct?**

### **5. Additional Information**

**For additional information** about our brokerage services and to obtain a copy of this relationship summary, please visit us at <https://sogotrade.com/forms-center.aspx> or call one of our specialists at 646-885-6486.

**Conversation Starters:** Ask your financial professional—

- **Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer?**
- **Who can I talk to if I have concerns about how this person is treating me?**