

# New Account Checklist

Thank you for choosing American IRA, LLC!

Enclosed are the forms required to establish and fund your retirement account with American IRA, LLC.

## Step 1:

### To open your IRA with American IRA, LLC we will need:

- **Account Application** (Complete all pages)
- **Photo ID** (submit a copy of your driver's license, passport, or valid government-issued photo ID)

### Once you've completed all required forms, send to:

**By Mail:** American IRA, LLC -135 Broad Street, Asheville NC 28801

Overnight: American IRA, LLC -135 Broad Street, Asheville NC 28801

**By Fax:** (828) 257-4948

**By Email:** [NewAccounts@AmericanIRA.com](mailto:NewAccounts@AmericanIRA.com)

## Step 2:

### Fund your account

- **Transfer Form:** Use this form to transfer funds from your existing IRA to your new IRA.  
*Please note that your existing IRA custodian may require a Medallion Guarantee Stamp, which is much like a notary seal. Check with your bank to obtain this stamp.*
- **Rollover/Direct Rollover Form:** This form documents the rollover of your cash or asset to your new IRA. You will need to contact your current provider to initiate the rollover.
  - A rollover contribution occurs when you take receipt of assets or cash for up to 60 days before reinvesting in a new retirement plan.
  - A direct rollover contribution occurs when you move assets or cash directly from your qualified retirement plan to a new retirement plan.

## Step 3:

### Read and keep the following forms for your files:

- 5305 Custodial Agreement – is available online
- Copy of Application

**Need Help? Call 1-866-7500-IRA(472) and  
a client services representative will assist  
you in opening your account today!**



## New Account Application

To initiate the account, please complete, sign and return:

**IRA Account Application**

**Photocopy of your Government Issued ID (Patriot Act requirement)**

1 Personal Information		
Legal Name:	Birthdate:(mm/dd/yyyy)	Social Security Number:
Physical Address: (Required)	City, State, Zip:	
Mailing Address: (Optional)	City, State, Zip:	
Primary Phone:	Mobile:	We will use text messages to notify you regarding your account. <input type="checkbox"/> Check here if you would like to opt <b>OUT</b> of receiving text messages.
Current/Most Recent Occupation: (Required, if retired list previous occupation)	Title:	Marital Status: <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Widowed or Divorced
Email Address:	Driver's License Number:	

2 Account Type		
<input type="checkbox"/> <b>ROTH</b>	<input type="checkbox"/> <b>SEP IRA</b> – Complete SEP5305	<input type="checkbox"/> <b>SIMPLE IRA</b>
<input type="checkbox"/> <b>Traditional</b>	Employer Name: _____	Employer Name: _____
<input type="checkbox"/> <b>Coverdell</b> –Complete Coverdell Supplement Page	<input type="checkbox"/> <b>Inherited IRA</b>	
<input type="checkbox"/> <b>Health Savings Account</b> Check one: <input type="checkbox"/> Self-only coverage <input type="checkbox"/> Family Coverage	Check one: <input type="checkbox"/> Traditional <input type="checkbox"/> Roth <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE Original IRA Holder Name: _____	

3 Account Funding			
<input type="checkbox"/> <b>Annual Contribution</b>	<input type="checkbox"/> <b>Transfer Contribution</b> Transfer from existing IRA or Employer Sponsored Plan.	<input type="checkbox"/> <b>Rollover Contribution</b> Take receipt of the assets for up to 60 days before reinvesting in a new retirement plan.	<input type="checkbox"/> <b>Direct Rollover Contribution</b> Rollover from Employer Sponsored Plan. (401k, 403b, 457, TSP)

4 Notifications	
<ul style="list-style-type: none"> <li>• <b>MINIMUM ACCOUNT BALANCE \$750</b></li> <li>• All emails are sent encrypted for your safety.</li> <li>• Statements will be e-mailed all account holders on an annual basis.</li> </ul>	<ul style="list-style-type: none"> <li>• We, American IRA, LLC, will call you, the Account Holder, to verify and confirm any outbound movement of cash from your account when we receive instructions requesting to send funds from your account. We will call you at the telephone number on file for you.</li> </ul>
How did you hear about us? <input type="checkbox"/> Internet <input type="checkbox"/> REIA Group <input type="checkbox"/> CPA <input type="checkbox"/> Attorney <input type="checkbox"/> Advisor <input type="checkbox"/> Webinar <input type="checkbox"/> Other: _____	

5 Interested Party Designation		
I hereby authorize the following representative as interested party on my self-directed IRA. I understand this named representative will have access to my account details, balance, holdings and any other account related activity. Interested parties <b>DO NOT</b> have the ability to sign on your behalf or move funds in or out of your self-directed account. I also understand that this will remain in effect until revoked in writing.		
Name: (Individuals only)	Phone:	Email:
Name: (Individuals only)	Phone:	Email:
Would you like the named interested party to be provided a login to view your account online? <input type="checkbox"/> Yes <input type="checkbox"/> No *If not selected this defaults to No.		

**6 Beneficiary Information**

Name (first, middle, last) Address (including country of residence)	Date of Birth (mm/dd/yyyy)	Social Security Number	Country of Citizenship	Relationship	Primary or Contingent?	Share %
1.						
2.						
3.						
4.						

**Beneficiary Opt Out**  **I opt to not list a beneficiary.**

**Current Marital Status:**  **I am not married** – I understand that if I become in the future, I must complete a new Beneficiary Designation form.  
 **I am married** – I understand that if I choose to designate a primary beneficiary other than my spouse, my spouse must sign below.

**Spousal Consent (only required if your spouse is not the Primary Beneficiary – see note below)**

The consent of spouse must be signed only if all of the following conditions are present:

- a. Your spouse is living;
- b. Your spouse is not the sole Primary Beneficiary name and;
- c. You and your spouse are residents of a community property state (such as AZ, CA, ID, NV, MN, TX, WA, LA, or NV)

I, the undersigned, am the spouse of the Custodial Account holder whose name is listed above. I hereby certify that I have reviewed the Designation of Beneficiary form and I understand that I have a property interest in the Custodial Account. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. I further acknowledge and consent to the above Designation of Beneficiary, other than myself, as the primary beneficiary. I also understand that, by signing this, I am giving up all, or part, of my rights to receive benefits under this plan in the event my spouse dies. I assume full responsibility for any adverse consequences that may result. I have been advised to seek the advice of an attorney and/or financial advisor prior to signing any documents and I have sought the advice of counsel and/or financial advisor or do hereby waive my right to do so. No tax or legal advice has been given to me by the Custodian and/or Administrator related to this matter.

**Signature of Spouse:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Account Owner Signature**

In the event of my death, the balance in the account shall be paid to the Primary Beneficiaries who survive me in equal shares (or in the specified shares, if indicated). If the Primary or Contingent Beneficiary box is not checked for a beneficiary, the beneficiary will be deemed to be a Primary Beneficiary. If none of the Primary Beneficiaries survive me, the balance in the account shall be paid to the Contingent Beneficiaries who survive me in equal shares (or in the specified shares, if indicated). If I name a beneficiary which is a Trust, I understand I must provide certain information concerning such Trust to the Custodian.

Accounts with past due fees, unfunded accounts, accounts transferring to a beneficiary and accounts with zero value will continue to incur administration fees until such time as the Depositor or Beneficiary notifies the Custodian (on a form prescribed by the Custodian) of the Depositor's intent to close and/or transfer the account and the Depositor's account is closed or until the Custodian resigns.

**I understand that I may change or add beneficiaries at any time by completing and delivering the proper form to the Administrator.**

**Account Holder Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**LEFT BLANK INTENTIONALLY**

## 8 Acknowledgement

**Custodian and Administrator:** The Custodian for my Account will be New Vision Trust Company, a State Chartered South Dakota Trust Company, and the Administrator for my Account will be American IRA, LLC, A North Carolina Limited Liability Company, as identified in the Custodial Account Agreement (IRS Form 5305A, 5305-RA, 5305-SA, 5305-SEP, 5305-C, and 5305-EA). I understand that the Custodian may resign by giving me written notice at least 30 days prior to the effective date of such resignation. I understand that if I fail to notify the Custodian and/or Administrator of the appointment of a successor trustee or custodian within such 30 day period, then the assets held by the Custodian in my Account (whether in cash or personal or real property, wherever located, and regardless of value) will be distributed to me, outright and free of trust, and I will be wholly responsible for the tax consequences of such distribution.

**My Account is "Self-Directed"** What does "Self-Directed" mean? Self-Directed means I, as the Holder of the Account, am solely responsible for the investment of all assets within my Account and giving Custodian and/or Administrator the directives to take any action on behalf of the Account. That means I am responsible for the selection, management, monitoring and retention of all investments held within my Account. The investments I select may involve a high degree of risk, and neither Custodian nor the Administrator will provide investment advice nor make any investigation or determination as to the prudence, viability, suitability, legality, or safety of the investments that I select. The assets selected for investment are solely my responsibility. This requires that I assure myself of the financial soundness and appropriateness of the investment for my Account and retirement objectives and I should have all investments reviewed by a competent legal, tax, and/or financial advisor.

**No Investment Advice:** I acknowledge and agree that the Custodian does not provide or assume responsibility for any tax, legal or investment advice with respect to the investments and assets in the Custodial Account and shall not be liable for any loss which results from my exercise of control over the Custodial Account. I further understand and agree that the Custodian neither sells nor endorses any investment products. If the services of the Custodian were marketed, suggested or otherwise recommended by any person or entity, such as a financial representative or investment promoter, I understand that such promoters and/or marketers are not in any way agents, employees, representatives, affiliates, partners, independent contractors, consultants, or subsidiaries of the Custodian, and that the Custodian is not responsible for and are not bound by any statements, representations, warranties or agreements made by any such promoter, marketer or entity. I agree to consult with my own CPA, attorney, financial planner and/or any other professionals I deem necessary or advisable, prior to directing the Custodian to make any investment in my Account. I and my beneficiary(ies) release, indemnify and agree to hold the Custodian harmless in the event that any investment or sale of the assets in the Custodial Account, pursuant to a direction by me or my Investment Advisor, violates any federal or state law or regulation or otherwise results in a disqualification, penalty, tax or fine imposed upon the Custodian, the Administrator, me or the Custodial Account.

**Account Fees** I have agreed, by opening an Account with Custodian and/or Administrator, to pay all fees and charges that are made against my Account in accordance with the Fee Schedule provided and incorporated by reference herein. All fees are due upon presentation. If, after notice, my Account remains past due for 30 days and if no cash available in my Account, Custodian and/or Administrator may liquidate assets within the Account to satisfy these obligations. If my Account is unfunded with zero value, I understand my Account will continue to incur IRA fees until I provide written notice to Custodian and/or Administrator

**Non-Endorsement** Custodian and/or Administrator do not endorse any investment made by me, or provide any investment advice to me about my investments. Custodian and/or Administrator's review of investments is for the sole benefit of Custodian and/or Administrator for the purpose of determination of administrative and/or legal feasibility of the investment and should not be construed as an endorsement or opinion of any investment, investment company, or investment strategy. Custodian and/or Administrator do not endorse any broker, financial advisor, investment advisor, or other party involved with the investments chosen by me. Neither Custodian nor Administrator conducts any due diligence review of any investment, nor will Custodian and/or Administrator make any investigation with regards to any investment, any issuer or sponsor of any investment, or any officer, director, or other person or entity involved or affiliated with any investment. I understand and agree that Custodian and/or Administrator will not review or evaluate the prudence, viability, suitability, legality, or merits of any investment held in my Custodial Account. I understand that Custodian and/or Administrator permit my Account to invest in a wide variety of investments based on administrative factors only.

**Indemnification:** The Custodian shall have no duty other than to follow the written instructions of me, my agents, investment advisors and/or Designated Beneficiaries, and shall be under no duty to question said instructions and shall not be liable for any investment losses sustained by me under any circumstances. By performing services under this Agreement, the Custodian is acting as the agent of me, and nothing in this Agreement shall be construed as conferring fiduciary status on the Custodian. I agree to release, defend, indemnify and hold harmless the Custodian from any and all liability, claims, damages, actions, costs, expenses (including, without limitation, all reasonable attorneys' fees) arising from or related to the Custodial Account and/or Custodial Account, including but not limited to, losses to me and/or to my beneficiary(ies) as a result of any action taken (or omitted to be taken) pursuant to and/or in connection with any investment transaction directed by me, my agents, investment advisors and/or Designated Beneficiaries, including, without limitation, claims, damages, liability, actions and losses asserted by me or my beneficiary(ies). I agree to reimburse and/or advance to Custodian and/or Administrator, on demand, all legal fees, expenses, costs, fines, penalties and obligations incurred or to be incurred in connection with the defense, contest, prosecution or satisfaction of any claim made, threatened or asserted pertaining to any investment or action me, or my agent, directed through the Custodian, including, without limitation, claims asserted by me, any state or federal regulatory authority or self-regulatory organization. In the event of claims by others related to my Account and/or investment wherein the Custodian is named as a party, the Custodian shall have the full and unequivocal right, at their sole discretion, to select their own attorneys to represent them in such litigation and deduct from my Account any amounts to pay for any costs and expenses, including, but not limited to, all reasonable attorneys' fees, and costs and internal costs (collectively "Litigation Costs"), incurred by the Custodian in the defense of such claims and/or litigation.

**Prohibited Transactions:** I understand that my Account is subject to the provisions of Internal Revenue Code (IRC) Section 4975, which defines certain prohibited transactions. I acknowledge and agree that neither the Custodian nor the Administrator will make any determination as to whether any transaction or investment in my Account is prohibited under sections 4975, 408(e) or 408A, or under any other state or federal law. I accept full responsibility to ensure that none of the investments in my Account will constitute a prohibited transaction and that the investments in my Account comply with all applicable federal and state laws, regulations and requirements.

**Responsibility for determining eligibility and tax consequences:** I assume complete responsibility for 1) determining that I am eligible to make a contribution to my Account; 2) ensuring that all contributions I make are within the limits set forth by the relevant sections of the Internal Revenue Code; and 3) the tax consequences of any contribution (including a rollover contribution) and distributions.

**Unrelated Business Income Tax:** I understand that my Account is subject to the provisions of IRC Sections 511-514 relating to Unrelated Business Taxable Income (UBTI) of tax-exempt organizations. I agree that if I direct the Custodian and/or Administrator to make an investment in my Account which generates UBTI, I will be responsible for preparing or having prepared the required IRS Form 990-T tax return, an application for an Employer Identification Number (EIN) for my Account, and any other documents that may be required, and to submit them to the Custodian and/or Administrator for filing with the Internal Revenue Service at least ten (10) days prior to the date on which the return is due, along with an appropriate directive authorizing the Custodian and/or Administrator to execute the forms on behalf of my Account and to pay the applicable tax from the assets in my Account. I understand that the Custodian and the Administrator do not make any determination of whether or not investments in my Account generate UBTI; have no duty to and do not monitor whether or not my Account has incurred UBTI; and do not prepare Form 990-T on behalf of my Account.

**Valuations:** I understand that the assets in my Account are required to be valued annually at the end of each calendar year in accordance with IRC Section 408(i) or 223 (h) and other guidance provided by the IRS, and that the total value of my Account will be reported to the IRS on Form 5498 each year. I agree to provide the year end value of any illiquid and/or non-publicly traded investments, which may include without limitation limited partnerships, limited liability companies, privately held stock, real estate investment trusts, hedge funds, real estate, secured and unsecured promissory notes, and any other investments as the Custodian and/or Administrator shall designate, by no later than January 10th of each year, with substantiation attached to support the value provided. I agree to indemnify and hold harmless the Custodian and the Administrator from any and all losses, expenses, settlements, or claims with regard to investment decisions, distribution values, tax reporting or any other financial impact or consequence relating to or arising from the valuation of assets in my Account.

**Payment Instructions** I agree to furnish payment instructions to Custodian and/or Administrator regarding any invoice, assessment, fee or any other disbursement notification received by the Custodian and/or Administrator on behalf of my investments, and I understand that neither Custodian and/or Administrator has any duty or responsibility to disburse any payment until such instructions are received from me or my Designated Representative. Written direction shall include signature by facsimile or by electronic signature.

**Non-FDIC-Insured Investments** I acknowledge my investments are non-FDIC-insured and subject to loss in value. My investments may involve a substantial risk, may lack liquidity, and may result in a total loss of the investment my acknowledge and confirm that all risk and loss sustained in my Retirement Account will not affect my retirement income standard; and if a mandatory distribution arises, that I will meet any mandatory distribution requirements by utilizing my IRA and/or other retirement Accounts.

**Electronic Communications, Signatures, and Records:** Subject to any limitations contained in Treasury Regulation section 1.401(a)-21 and any other applicable federal or state law or regulation, I acknowledge and agree that the Custodial Account shall be subject to the provisions of the Uniform Electronic Transactions Act, as passed in the state where the Custodian is organized (South Dakota Codified Law Sections 53-12 et. seq.), and the federal Electronic Signature in Global and National Commerce Act (ESIGN Act, as contained in 15 U.S.C. 7001), as those laws pertain to electronic communication, electronic signatures, and electronic storage of Custodial Account records. In lieu of the retention of the original records, the Custodian may cause any, or all, of its records, and records at any time in its custody, to be photographed or otherwise reproduced to permanent form, and any such photograph or reproduction shall have the same force and effect as the original thereof and may be admitted in evidence equally with the original.

**Affiliated Business Disclosure and Conflict of Interest Waiver:** The Custodian, New Vision Trust Company, a State Chartered South Dakota Trust Company and American IRA, LLC, a North Carolina limited liability company (Administrator) are affiliated companies by reason of their common ownership and management. Because the two companies are under common ownership and management, the owners of American IRA, LLC, a North Carolina limited liability company will enjoy a direct and/or indirect financial benefit from the fees I pay to New Vision Trust Company, a State Chartered South Dakota Trust Company. By signing the Account Application, I acknowledge and understand that: 1) New Vision Trust Company, a State Chartered South Dakota Trust Company and American IRA, LLC, a North Carolina limited liability company are under common ownership and control, 2) by retaining New Vision Trust Company, a State Chartered South Dakota Trust Company, the Depositor is providing a financial benefit to the owners of American IRA, LLC, a North Carolina limited liability company 3) I am under no obligation to retain New Vision Trust Company, a State Chartered South Dakota Trust Company and that I am free to retain the services of another, unaffiliated Custodian, and 4) I, do acknowledge and confirm that I chose New Vision Trust Company, a State Chartered South Dakota Trust Company freely and with no influence from the Custodian and/or Administrator.

**Investment Funding Requirements** I understand and agree that I cannot make investments without having available liquid funds in my Account. In addition, if any investment contains provisions for future contractual payments or assessments, (including margin calls), I acknowledge and agree that such payments or assessments shall be borne solely by my Account to the extent such payment is authorized by me or my Designated Representative, and may reduce or exhaust the value of my Account. I further agree to indemnify Custodian and/or Administrator for any and all payments or assessments which may imposed as a result of holding the investment within my Account, and I agree that neither Custodian nor Administrator shall be under any obligation to extend credit to my Account or otherwise disburse payment beyond the cash balance of my Account for any payment or assessment related to the investment. I agree that I am solely responsible for verifying that any bills to be paid from my Account, and accompanying payment instructions, have been received by Custodian and/or Administrator. I further agree that neither Custodian nor Administrator shall be responsible for late fees assessed by any third party where I have not verified that payment instructions have been received, or where the receipt of instructions or documentations has been delayed. Any funds received into a Custodian and/or Administrator Account which is made by check may be subject to a seven (7) business day clearing period before funds are available to invest. ALL NEW ACCOUNTS are subject to a seven (7) calendar day waiting period before any funds can be invested.

## 9 Fee Schedule

One Time Account establishment: \$50 (paid upon initial application)

### Annual Fees

Option One: \$285 annually

- \$95 transaction fee (Purchase/Sale of an Asset)
- Minimum Account Balance \$750

Option Two: \$450 annually

- Unlimited transactions (Purchase/Sale of an Asset)
- Minimum Account Balance \$750

**Accounts under \$7500 pay an Annual Fee of only \$165 or \$330 for unlimited transactions!**

### Processing Fees

- Wire Transfer (incoming/outgoing): \$30
- Cashier's Check (includes overnight shipping): \$50
- ACH/Trust/Voided Checks: \$10
- Certified Mailing: \$10
- Overnight Mailing: \$20 plus shipping costs
- Notary: \$5

### Miscellaneous Fees

- Exchange, Re-registration, Re-characterization of an Asset/Liability or Leveraged Asset: \$95
- Special services, such as but not limited to, research of closed accounts, processing foreclosures, and tax issues \$75 per 1/2 hour. (Minimum charge in increments of half hour.)
- Federal or State Tax Withholding \$10
- Expedited Investment Review: \$95
- Partial or Full Account Termination - Includes transfer of assets from your account and lump-sum distributions: .005 of the termination value (plus applicable transaction fees): min\$150 - max \$500.
- Deposit Research (if deposit coupon is not included with deposit) \$25
- Copy/Cleared/Canceled checks; Reproducing tax documents (5498/1099); Duplicate Statements \$15
- Returned Items, Stop Payment Request, Credit Card Decline \$30
- Regularly Scheduled Distribution Fee (Monthly/Quarterly/Annually) \$25
- 990-T Processing, Reversal of Fees for Alternate Payment Method \$50
- If fees are deducted from your account causing your cash balance to fall below the required minimum account balance \$25 per month until account is brought back to the minimum balance.

\*Annual Record keeping Fees are not prorated when an account closes.

**A credit card convenience fee of 4% will be charged for all credit card transactions**

**A credit card is required with each account.**

Pay Fees By:  Credit Card  Deduct fees from my undirected cash in account

Card Number: \_\_\_\_\_ Exp. Date: \_\_\_\_\_ Security Code: \_\_\_\_\_

Name on Card: \_\_\_\_\_ Billing Zip Code: \_\_\_\_\_

**Annual account fees** are not prorated and are withdrawn from undirected funds (defined as any cash in the Custodial Account not invested pursuant to a specific investment direction by you, as the depositor, hereinafter referred to as "Depositor"), unless Depositor elects to pay by credit card or debit card as specified above. Transaction fees are due prior to funding the transaction. Fees paid from Depositor's account will be reflected on Depositor's statements, which are available online. If there are insufficient undirected funds in Depositor's account, or where any credit card payments are declined, Custodian may liquidate other assets in Depositor's account to pay for such fees after a 30-day notification, in accordance with the Custodial Agreement and Disclosure Statement. Late Payment Fees: Depositor will be charged \$25 per month, or any portion of any month, an invoice remains past due, or the maximum allowable under applicable state law. Depositor agrees and directs Custodian that Depositor's un-directed cash be placed into a state and/or Federal banking institution, unless Custodian is otherwise directed by Depositor. Depositor understands that if fees are not paid within thirty (30) days after Custodian has provided a written past due notice, Custodian may begin the process of closing Depositor's account. Depositor understands that any asset distributed directly to Depositor as part of closing Depositor's account will be reported to the IRS on Form 1099 and may subject Depositor to possible taxes and penalties. Depositor agrees that accounts with past due fees, unfunded accounts, and accounts with zero value will continue to incur administrative fees until such time as Depositor notifies Custodian, of intent Depositor's to close the account or until Custodian resigns. In accordance with Depositor's Account Application, this Fee Disclosure is part of Depositor's Agreement with the Custodian and must accompany Depositor's Application. Custodian reserve the right to change its Fee Schedule at any time with a 30-day notice to Depositor.

## 10 Account Acceptance

By my signature below, I acknowledge and declare that I have examined this New Account Application, and to the best of my knowledge and belief, it is true, correct and complete. I further declare and acknowledge I have read the Custodial Agreement (Forms 5305A, 5305-RA, 5305-SA, 5305-SEP, 5305-C, and 5305-EA), Fee Schedule, Privacy Notice and Account Disclosure Statement and agree to abide by the terms as currently written, or as they may be amended from time to time. In the event of a conflict between this New Account Application, Fee Schedule, Privacy Notice and/or Account Disclosure Statement, the Custodial Agreement shall govern. This Agreement, which shall include the Custodial Agreement, Fee Schedule, Privacy Notice, New Account Application and Account Disclosure Statement, is the complete and exclusive agreement between the parties with respect to my Custodial Account and shall supersede any prior agreements and communications (both written and oral) related to my Custodial Account.

Account Holder Signature: \_\_\_\_\_

Account Holder Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_

### **FOR OFFICE USE ONLY**

Custodian(or authorized representative) Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_

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

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

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

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

**Article II—SEP Requirements** (see instructions)

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

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

\_\_\_\_\_  
Employer's signature and date\_\_\_\_\_  
Name and title**Instructions**

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

**Purpose of Form**

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

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

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

**Instructions to the Employer**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Information for the Employee**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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