

**PROTOTYPE
SIMPLE
RETIREMENT
PLAN**

**Savings Incentive Match Plan for Employees
In IRA Form under Section 408(p) of the Internal Revenue Code**

**TO ESTABLISH A HILLTOP SECURITIES INC.
INDIVIDUAL RETIREMENT ACCOUNT (SIMPLE IRA)**

- Complete and sign all portions of the SIMPLE IRA Adoption Agreement and account application. When completing the beneficiary information please make sure to include social security numbers.
- Submit the completed SIMPLE IRA Adoption Agreement to your Financial Professional.
- Enclose a check made payable to Hilltop Securities Inc. for the initial SIMPLE IRA contribution, if applicable. Make sure all checks include the tax year information for the contribution and the account number.
- If you are transferring an existing SIMPLE IRA to Hilltop Securities Inc. (Hilltop Securities), complete and sign an Account Transfer Form. When submitting the form to your Financial Professional, include a copy of the most recent account statement.
- If you are rolling funds from another SIMPLE, complete and sign a Rollover Certification Form.
- Contact your Financial Professional for any other forms that may be required to establish your SIMPLE IRA or with any other questions or concerns that you may have.
- **Unrelated Business Income Tax:** If the Depositor directs investments of the account in any investment which results in unrelated business taxable income, it shall be the responsibility of the Depositor to so advise the Custodian and to provide the Custodian with all the information necessary to prepare and file any required returns or reports for the account. As the Custodian may deem necessary, and at the Depositor's expense, the Custodian may request a taxpayer identification number for the account, file any returns, reports, and applications for extension, and pay any taxes or estimated taxes owed with respect to the account. The Custodian may retain suitable accountants, attorneys, or other agents to assist it in performing such responsibilities.

**THIS CUSTODIAL FEE INFORMATION MAY ONLY BE USED
WITH HILLTOP SECURITIES IRA ACCOUNTS**

CUSTODIAL FEES FOR INDIVIDUAL RETIREMENT ACCOUNTS

- | | |
|----------------------------------|--|
| • Initial Set Up Acceptance Fee | No Charge |
| • Annual Maintenance Fee | See your Customer Information Brochure |
| • Spousal Annual Maintenance Fee | See your Customer Information Brochure |
| • Transfer Fee | See your Customer Information Brochure |
| • Termination Fee | \$50.00 |

*Hilltop Securities Inc. reserves the right to change fees upon notification to the account holder.

Revised (5/1/2020)

PROTOTYPE SIMPLE RETIREMENT PLAN AGREEMENT

ARTICLE I Adoption and Purpose of Plan

1.01 **Adoption of Plan:** By completing and signing the Adoption Agreement, the Employer adopts the Sponsoring Organization's Prototype SIMPLE Retirement Plan. This SIMPLE Plan Agreement must be used with an Internal Revenue Service Model IRA, Form 5305-S or 5305-SA, or a Service approved Prototype SIMPLE IRA.

1.02 **Purpose:**

- (a) The purpose of this Plan is to provide benefits for the individuals who are eligible to participate hereunder. It is intended that this Plan be for the exclusive benefit of the Employer's Employees, and that the plan qualify under section 408(p) of the Code.
- (b) The Employer agrees to permit Elective Deferrals to be made in each Plan Year to the SIMPLE individual retirement account or SIMPLE individual retirement annuity (IRA) as described in section 408(a) or (b), respectively, of the Code, established by or on behalf of each of the Employer's Employees who are eligible to participate in the SIMPLE Retirement Plan. SIMPLE contributions must be contributed to a separate SIMPLE IRA plan.

1.03 **Limitation:**

- (a) The Employer cannot contribute to this SIMPLE IRA Plan for any calendar year if the Employer maintains another qualified plan with respect to which contributions are made, or benefits are accrued, for any Employee's service for any plan year beginning or ending in that calendar year.

For this purpose, a qualified plan is defined in section 219(g)(5) of the Code as: a plan described in section 401(a) that includes a trust exempt from tax under section 501(a); an annuity plan described in section 403(a); a plan established for its employees by the United States, by a State or political subdivision thereof, or by an agency or instrumentality of any of the foregoing (but not an eligible deferred compensation plan within the meaning of section 457(b)); a tax-sheltered annuity plan described in section 403(b); a simplified employee pension (SEP) plan described in section 408(k); and another SIMPLE IRA Plan described in section 408(p).

If the failure to meet the one-plan requirement is due to an acquisition or similar transaction, the Employer is treated as meeting the one-plan requirement through the end of the following calendar year (through the end of the following 2 calendar years, if permitted under section 408(p)) provided that, during this period, Employees who would be employed by another employer involved in the transaction had the transaction not occurred are not eligible to participate in this Plan.

The one-plan requirement is not violated if the Employer maintains another qualified plan that limits participation to Employees covered under a collective bargaining agreement described in section 410(b)(3)(A) of the Code and eligibility to participate in the SIMPLE IRA Plan is limited to other Employees.

- (b) If the Employer amends this plan other than by making an election permitted in the Adoption Agreement, the Employer will no longer participate in the Sponsoring Organization's Prototype SIMPLE Plan, the Employer will be considered to have an individually designed SIMPLE Plan, and the Employer may no longer rely on the opinion letter received in connection with this Prototype SIMPLE Plan. Any amendment to this SIMPLE IRA Plan can become effective only at the beginning of a calendar year and must conform to the content of the plan notice for the calendar year.
- (c) This Plan may only be adopted by an Eligible Employer.

ARTICLE II Eligibility and Participation

2.01 **Eligible Employees:** All Employees of the Employer shall be eligible to participate in this Plan except for Excludible Employees as defined under section 2.02 of this Plan.

2.02 **Excludible Employees:** If the Employer elects in the Adoption Agreement, the following Employees shall be excluded from eligibility:

- (a) Employees included in a unit of employees covered by a collective bargaining agreement between employee representatives and the Employer, provided that there is evidence that retirement benefits were the subject of good faith bargaining between such parties, unless such agreement provides that some or all of such covered employees are to be covered by this Plan. For purposes of this paragraph, 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 alien employees who receive no earned income from the Employer which constitutes income from sources within the United States.
- (c) Employees who are not reasonably expected to earn \$5,000 of compensation from the Employer during the Plan Year for which the contribution is being made if so indicated in the Adoption Agreement.

2.03 **Participation:**

- (a) Each Eligible Employee will be eligible to become a Participant after satisfying the requirements specified in Item 9 of the Adoption Agreement.
- (b) Each Eligible Employee shall establish an IRA in order to receive Employer contributions under this Agreement, and any Employer contributions shall be made directly to such IRA plan. Unless otherwise elected in the Adoption Agreement, such IRA shall be established with the Trustee of the Participant's choice.
- (c) If a Participant fails to timely establish or to maintain an IRA into which SIMPLE contributions may be made on such Participant's behalf, the Employer may execute any necessary documents to establish an IRA with the Trustee into which such contributions shall be made on behalf of the Participant.

2.04 **Plan Notice:**

- (a) The Employer shall notify each Eligible Employee immediately before each 60 -day election period of the Employee's opportunity to make an election. The notice shall include a copy of the summary description as described in section 408(1)(2)(B) of the Code. (section 6693(c)(1) provides that if an employer fails to provide one or more notices, such employer may be subject to a penalty of \$50 per day for each day that the failure to provide notice occurs.)
- (b) Any amendment to this SIMPLE IRA Plan can become effective only at the beginning of a calendar year and must conform to the content of the Plan notice for the calendar year.

ARTICLE III
Written Allocation Formula

- 3.01 **Amount of Contribution:** The Employer agrees to contribute on behalf of each Eligible Employee for the Plan Year an amount determined under one of the written allocation formulas specified in the Adoption Agreement.
- 3.02 **Uniform Relationship to Compensation:** All Nonelective Employer contributions to this Plan shall bear a uniform relationship to the total Compensation of each Participant not to exceed the Compensation limit described in section 401(a)(17) of the Code, as adjusted for the cost of living.
- 3.03 **Limitation on Employer Contributions:** The maximum employer contribution which may be made for any one Plan Year with respect to any Participant and allocated to each Participant's IRA is:
- (a) **Elective Deferrals** - Each Eligible Employee may elect to have salary deferral payments made under this SIMPLE Plan, not to exceed the lesser of the percentage of compensation stated in the Deferral Form or the dollar amount specified in section 4.01(c) of this Plan.
 - (b) **Employer Matching Contributions:**
 - (i) Unless the Employer elects Section 3.03(c), the Employer is required to make a Matching Contribution equal to the elective deferral by such Employee, but not in excess of 3% of such Participant's Compensation, not to exceed the dollar amount specified in section 4.01(c) of this Plan.
 - (ii) The Employer may elect a lesser percentage (not less than 1%) for any year if:
 - (A) the Employer notifies all Eligible Employees within a reasonable time before the Election Period; and
 - (B) Employer Matching Contributions are not less than 3% for more than 2 of the calendar years in the 5 year period ending with the current calendar year for which the reduction is effective.
 - (iii) Employers who have never maintained a SIMPLE plan or make nonelective contributions shall be treated as if the level of Employer Matching Contributions was at 3% of compensation for the prior plan year.
 - (c) **Employer Nonelective Contributions** - In lieu of Matching Contributions described in section 3.03(b), an employer may elect to make a 2% Nonelective Contribution for each Employee who is eligible to participate in the SIMPLE Plan. In order to elect such Nonelective Contribution, the Employer must notify Eligible Employees of such election within a reasonable time before the Election Period.
- 3.04 **Deductibility of Employer Contributions:** Contributions under this SIMPLE Retirement Plan are deductible by the Employer for the taxable year with or within which the Plan Year of the SIMPLE Retirement Plan ends. Contributions made for a particular taxable year and contributed by the due date of the Employer's income tax return, including extensions, are deemed made in that taxable year.
- 3.05 **Vesting Requirements:** An Employee's right to any contribution made to a SIMPLE IRA shall be 100% immediately vested and non-forfeitable at all times.

ARTICLE IV
Elective Deferral Rules

- 4.01 **Elective Deferrals**
- (a) Allocation of Elective Deferrals. The Employer shall contribute and allocate to each Employee's IRA an amount equal to the amount of the Employee's Elective Deferrals. Elective Deferrals will be paid by the Employer to the Employee's IRA trustee, custodian, or insurance company (in the case of an individual retirement annuity contract) or an IRA established on behalf of an Employee by the Employer.
 - (b) Salary Reduction Agreement Option. An Employee may elect to have Elective Deferrals made under this SIMPLE through either single-sum or continuing contributions, or both, pursuant to a salary reduction agreement.
 - (c) Amount of Elective Deferrals. An Eligible Employee may elect to have his or her Compensation reduced by a percentage or amount per pay period, or for a specified pay period or periods, as designated in writing to the Employer. An Eligible Employee may elect to have his or her Compensation reduced by a percentage or a fixed dollar amount. The salary reduction election shall be in writing and delivered to the Employer. The total amount of the reduction in the Eligible Employee's Compensation cannot exceed \$7,000 for 2002, \$8,000 for 2003, \$9,000 for 2004, and \$10,000 for 2005 and later years. After 2005, the maximum amount will be adjusted by the Secretary of the Treasury for cost-of-living increases under section 408(p)(2)(E) of the Code. Such adjustments will be in multiples of \$500.
 - (d) An Eligible Employee who would attain age 50 or over by the end of the year can elect to have his or her Compensation reduced by an additional amount of \$500 for 2002, \$1,000 for 2003, \$1,500 for 2004, \$2,000 for 2005, and \$2,500 for 2006 and later years. After 2006, the maximum additional amount will be adjusted by the Secretary of the Treasury for cost-of-living increases under section 414(v)(2)(C) of the Code. Such adjustments will be in multiples of \$500.
 - (e) Timing of Elective Deferrals. No deferral election may be based on Compensation an Employee received, or had a right to receive, before execution of the deferral election. Notwithstanding the preceding sentence, an Employee may use Compensation received during a Plan Year prior to executing a deferral election as a basis for determining their Elective Deferral amount, but not as a source of their Elective Deferrals.
 - (f) Under no circumstances may an Employee's Elective Deferrals in any calendar year exceed the lesser of the percent specified in the Deferral Form of his or her Compensation, or the dollar amount specified in section 4.01(c) of this Plan.
- 4.02 **Timing of Elective Deferrals:** The Employer must make a salary reduction contribution to the SIMPLE IRA established for each Eligible Employee under this SIMPLE IRA Plan as of the earliest date on which the contributions for an Eligible Employee can reasonably be segregated from the Employer's general assets, but in no event later than 30 days after the end of the month in which the contribution is withheld from the Employee's pay.

The Employer must make the matching or nonelective contribution to the SIMPLE IRA established for each Eligible Employee under this SIMPLE IRA Plan no later than the due date for filing the Employer's federal income tax return, including extensions, for the taxable year that includes the last day of the calendar year for which the contribution is made.

ARTICLE V
Glossary of Plan Terms

- 5.01 **Adoption Agreement:** The document executed by the Employer through which it adopts the Plan and agrees to be bound by all terms and conditions of the Plan.
- 5.02 **Code:** The Internal Revenue Code of 1986 and the regulations issued thereunder as heretofore or hereafter amended.
- 5.03 **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 plan as defined under section 6051(a)(3) and (8) of the Code. For any Self-Employed individual covered under the plan, Compensation will mean Earned Income. Compensation shall include only that compensation which is actually paid or made available to the Participant during the year. Compensation shall include any amount which is contributed by the Employer pursuant to a salary reduction agreement and which is not includible in the gross income of the Employee under sections 408(p), 401(k), 408(d)(6), 403(b), and compensation from the Employer deferred under a section 457 plan required to be reported by the Employer on Form W-2 (as described under section 6051(a)(8)). Compensation does not include any amounts deferred under a section 125 plan of the Code.

The annual Compensation of each Participant taken into account under the Plan for purposes only of the Employer Nonelective Contributions for any year shall not exceed the Compensation limit described in section 401(a)(17) of the Code as adjusted by the Secretary of the Treasury for increases in the cost of living in accordance with section 401(a)(17)(B). Such adjustments will be in multiples of \$5,000. (The Compensation limit for 2002 is \$200,000.)

- 5.04 **Elective Deferrals:** Any Employer contribution made under this SIMPLE Plan to an Employee's IRA at the election of the Participant, in lieu of cash compensation, and shall include contributions made pursuant to a salary reduction agreement or other deferral mechanism.
- 5.05 **Earned Income:** Net earnings from self-employment determined under section 1402(a) of the Code without regard to section 1402(c)(6), prior to subtracting any contributions made pursuant to this plan on behalf of the individual.
- 5.06 **Election Period:**
- (a) An Employee who is an Eligible Employee for a particular calendar year must be permitted to make or modify a salary reduction election during the 60-day period immediately preceding the calendar year, effective as soon as practical after receipt by the Employer (or, if later, the date specified by the Employee in the salary reduction agreement) but not earlier than the first pay period beginning in the calendar year. In the case of an Employee who becomes an Eligible Employee other than at the beginning of a calendar year because 1) this Plan does not impose a prior-year-compensation requirement, 2) the Employee satisfied this Plan's prior-year-compensation requirement during a prior period of employment with the Employer, or 3) this Plan is first effective after the beginning of a calendar year, the Eligible Employee must be permitted to make or modify a salary reduction election during the 60-day period that begins on the day plan notice is provided to the Employee and that includes the day the Employee becomes an Eligible Employee or the day before. In this case, the salary reduction election will become effective as soon as practical after receipt by the Employer (or, if later, the date specified by the Employee in the salary reduction agreement) but any election made by the Eligible Employee may be modified prospectively any time during the 60-day period.
 - (b) An Eligible Employee must be permitted to terminate a salary reduction election at any time. The termination request must be in writing and become effective as soon as practical after receipt of the request by the Employer or, if later, the date specified by the Employee in the termination request.
- 5.07 **Eligible Employee:** An Employee who meets the eligibility requirements as outlined in section 2.01 of the Plan and in Items 8 and 9 of the Adoption Agreement.
- 5.08 **Eligible Employer:** An Employer which had no more than 100 employees who received at least \$5,000 of compensation from the Employer for the preceding Plan Year (the "100 Employee limit"). An Eligible Employer who adopts a SIMPLE Retirement Plan for 1 or more years, and who subsequently fails to be an Eligible Employer, shall be treated as an Eligible Employer for the 2-year period following the last year the Employer was an Eligible Employer. If the failure to continue to satisfy the 100-Employee limit is due to an acquisition or similar transaction, the 2-year grace period applies only if the Employer satisfies the provisions of section 410(b)(6)(c)(i) of the Code.
- 5.09 **Employee:** An individual, including a Self-Employed (described in section 401(c)(1) of the code) and a common-law employee, employed by the Employer, who performs services with respect to the trade or business of the Employer. Also any employee of any other employer required to be aggregated under section 414(b), (c) or (m) of the Code; any leased employee within the meaning of section 414(n) of the Code shall be considered an Employee; and all Employees required to be aggregated under section 414(o) of the Code.
- 5.10 **Employer:** The sole proprietorship, partnership, corporation or other entity identified as such in the Adoption Agreement. If the Employer is a member of a controlled group of corporations (under section 414(b) of the Code), a group of trades or businesses under common control (under section 414(c)), an affiliated service group (under section 414(m)) or is required to be aggregated with any other entity under section 414(o), then for purposes of this SIMPLE IRA Plan, the term "Employer" shall include the other members of such groups or other entities required to be aggregated with the Employer.
- 5.11 **Matching Contributions:** The Employer contribution described in section 3.03(b) of the Plan.
- 5.12 **Nonelective Contributions:** The 2% of each Eligible Employee's Compensation described in section 3.03(c) of the Plan.
- 5.13 **Participant:** Any Employee who has met the eligibility requirements of this Plan and who is eligible to receive an Employer contribution.
- 5.14 **Plan:** The Sponsoring Organization's Prototype SIMPLE Retirement Plan consisting of this plan document and the Adoption Agreement as completed and signed by the Employer.
- 5.15 **Plan Year:** The calendar year.
- 5.16 **SIMPLE:** A Savings Incentive Match Plan for Employees, as defined in section 408(p) of the Code under which Elective Deferrals may be made.
- 5.17 **Self-Employed:** An individual who has Earned Income for a Plan Year from the trade or business with respect to which the Plan is established. A Self-Employed also includes 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.
- 5.18 **Sponsoring Organization:** The entity specified in the Adoption Agreement.
- 5.19 **Trustee/Custodian:** The financial institution or other organization which qualifies under section 408(a) of the Code and is serving as Trustee or Custodian of the IRA plan to which an Employer contribution is made under this SIMPLE Retirement Plan. The term Trustee shall also include an issuer of an annuity contract or endowment contract of an individual retirement annuity as described under section 408(b) of the Code.
- 5.20 **Designated Financial Institution (DFI):**
- (a) A Designated Financial Institution is a trustee, custodian, or insurance company (that issues annuity contracts) that receives all contributions made pursuant to this SIMPLE IRA Plan and deposits those contributions to the SIMPLE IRA of each Eligible Employee. If Item 14(b) of the Adoption Agreement is checked, the Employer will designate the financial institution at which SIMPLE IRAs will be established to receive contributions for Eligible Employees. Pursuant to the provisions of section 408(p)(7) of the Code, the DFI will notify Eligible Employees in writing (either separately or as part of the Plan Notice described in section 2.04 of the Plan) that their SIMPLE IRA balances may be transferred without cost or penalty to another SIMPLE IRA in accordance with the withdrawal and rollover provisions under section 408(d)(3)(G).
 - (b) If Item 14(a) of the Adoption Agreement is checked, the Employer must permit each Eligible Employee to select the financial institution for his or her SIMPLE IRA (Non-DFI).

EMPLOYER DISCLOSURE

The Savings Incentive Match Plan for Employees ("SIMPLE") is a plan that provides you with a simplified way to enhance your employees' retirement income. Under a SIMPLE, eligible employees may choose whether to make elective deferrals to the SIMPLE or to receive the amounts in cash. If elective deferrals are made, you contribute the amounts deferred by employees directly into a SIMPLE Individual Retirement Arrangement (SIMPLE IRA) set up by or on behalf of the employee with a bank, insurance company, or other qualified financial institution. The SIMPLE IRA must be one for which the Internal Revenue Service has issued a favorable opinion letter or a model SIMPLE IRA published by the Service. The information provided below is intended to assist you in understanding and administering the elective deferral provisions of your SIMPLE Retirement Plan.

I. Employers Who May Not Use This SIMPLE Plan

This SIMPLE Plan may not be used if you are an employer who:

- A. Maintains any other retirement plan including a qualified plan, SEP, SARSEP or 403(b) plan.
- B. Had more than 100 employees, who received at least \$5,000, at any time during the prior plan year. (If you are a member of a controlled group of businesses, you may use this SIMPLE Plan, provided that in the prior plan year there were never more than 100 employees who received at least \$5,000 for the prior plan year, in total, of all the members of such groups, trades, or businesses. In addition, all eligible employees of all the members of such groups, trades, or businesses must be eligible to make elective deferrals to this SIMPLE Plan.)

II. Making the Agreement

This SIMPLE Plan agreement is considered made when:

- A. You have completed all blanks on the Adoption Agreement and the Summary Description; and
- B. You have given all eligible employees copies of this SIMPLE agreement and the completed Summary Description. Any individual who, in the future, becomes eligible to participate in this SIMPLE Plan must be given the Summary Description prior to becoming an eligible employee.

III. Effective Date

This SIMPLE Plan agreement is effective on the date indicated in the Adoption Agreement. No elective deferrals may be made by an employee on the basis of compensation that the employee received or had a right to receive before adoption of this agreement and execution by the employee of the deferral election. This means your employees may not use compensation received during a plan year prior to executing a deferral election as a source of their elective deferrals.

For example, you adopt your SIMPLE Plan on July 1st for a calendar plan year, and your employees execute the deferral elections during July of that year. An eligible employee elects to defer up to 10% of his annual compensation. The employee earns \$10,000 prior to executing the deferral election. The same employee earns \$10,000 after executing their deferral election. Your employee may defer up to \$20,000 X 10% or \$2,000 for the plan year. However, the \$2,000 would only be permitted to be deferred into the plan from the \$10,000 earned after signing the deferral election.

IV. Deductibility of Contributions

You may deduct, subject to the otherwise applicable limits, those contributions made to a SIMPLE Plan. Contributions to the SIMPLE Plan are deductible for your tax year with or within which the plan year of the SIMPLE Plan ends. Contributions made for a particular tax year and contributed by the due date of your income tax return, including extensions, are deemed made in that taxable year.

V. Elective Deferrals

You may permit your employees to make elective deferrals through salary reduction that, at the employee's option, may be contributed to the SIMPLE Plan or received by the employee in cash during the year. You are responsible for telling your employees how they may make, change, or terminate elective deferrals based on salary reduction. You must also provide a SIMPLE Deferral Form on which they may make their deferral election. Elective deferrals (although treated as employer contributions) are treated as wages for purposes of FICA and FUTA taxes. Nonelective and Matching contributions are not subject to FICA and FUTA taxes. You are required to report the amount of each employee's elective deferral on such employee's Form W-2. If an employee elects to stop deferring during a Plan Year, you may elect on the Adoption Agreement to restrict such employee from resuming deferrals until the 1st day of the next Plan Year.

VI. SIMPLE Plan Requirements

- A. Compensation is the employee's total compensation from the employer and includes:
 1. Amounts received for personal services actually performed (see section 1.219-1(c) of the Income Tax Regulations); and
 2. Earned income defined under section 408(p)(6)(A)(ii) of the Code.

- B. The maximum limit on the amount of compensation an employee may elect to defer under a SIMPLE for a year is the lesser of the percentage of compensation indicated in the Deferral Form (which cannot exceed 100%) or "the applicable annual dollar limitation" described below:

<u>Tax Year</u>	<u>Contribution Limit</u>
2001	\$ 6,500
2002	\$ 7,000
2003	\$ 8,000
2004	\$ 9,000
2005	\$10,000
2006	\$10,000
2007	\$10,500
2008	\$10,500
2009 -2012	\$11,500
2013 -2014	\$12,000
2015 -2018	\$12,500
2019	\$13,000
2020	\$13,500

The maximum amount will be adjusted for cost-of-living increases in multiples of \$500.

- C. Employees who attain age 50 or over by the end of a calendar year can elect to have his or her Compensation reduced by an additional amount listed below. The maximum additional age-50 catch-up amount will be adjusted for cost-of-living increases in multiples of \$500.

<u>Tax Year</u>	<u>Catch-Up Limit</u>
2002	\$500
2003	\$1,000
2004	\$1,500
2005	\$2,000
2006	\$2,500
2007	\$2,500
2008	\$2,500
2009	\$2,500
2010	\$2,500
2011	\$2,500
2012	\$2,500
2013	\$2,500
2014	\$2,500
2015	\$3,000
2016 -2020	\$3,000

- D. You are generally required to match each employee's elective deferrals on a dollar for dollar basis up to 3% of compensation, not to exceed "the applicable annual dollar limitation". However, you may elect to reduce the 3% of compensation match (but not less than 1%), as long as such election will not result in less than a 3% Match in more than 2 years of the 5 year period ending with the current year.
- E. In lieu of an Employer Matching Contribution, you may contribute a 2% of Compensation Nonelective Contribution on behalf of all Eligible Employees. This is the only contribution under the SIMPLE plan where each employee's compensation is limited to \$200,000 adjusted for the cost of living. The compensation limit is:

\$220,000 for 2006
\$225,000 for 2007
\$230,000 for 2008
\$245,000 for 2009
\$245,000 for 2010-2011
\$250,000 for 2012
\$255,000 for 2013
\$260,000 for 2014
\$265,000 for 2015-2016
\$270,000 for 2017
\$275,000 for 2018
\$280,000 for 2019
\$285,000 for 2020

- F. Matching and Nonelective contributions cannot be made during the same plan year. You must indicate under which contribution formula you are making contributions and must communicate your election to your employees by providing a Notice within a reasonable period before the election period as specified in Article 5.06 of the Plan.
- G. Failure to provide the required employee notices or the Summary Description will result in a \$50 per day penalty.
- H. All contributions made to an Employee's SIMPLE IRA are immediately 100% vested.
- I. You are responsible for delivering all contributions under this SIMPLE Plan directly to the trustee or custodian of your employee's

SIMPLE IRA. Salary deferral contributions are required to be deposited into the employee's SIMPLE IRA on a date that is as soon as you can reasonably segregate them from your general assets, but absolutely no later than 30 calendar days following the month that the deferral contributions were withheld from your employee's pay. Failure to make these deposits on a timely basis could result in your entire SIMPLE Plan being disqualified, as well as civil or criminal penalties under ERISA. These rules also apply in the case of self-employed individuals. Thus, the latest day for the deposit of salary reduction contributions made on behalf of a self-employed individual for a calendar year is 30 days after the end of such year, which is January 30th. In order to meet the "as soon as you can reasonably segregate" standard, the DOL regulations provide for a 7-business day deadline for depositing the employee's salary deferral into their account.

VII. Excess Elective Deferrals

The law limits the maximum amount of compensation an employee may elect to defer under a SIMPLE (and certain other arrangements) during the calendar year. This deferral limit under the SIMPLE is indexed according to the cost of living. In addition, the limit may be increased if the employee makes elective deferrals to a salary reduction arrangement under section 403(b) of the Code, or a 401(k) plan maintained by another Employer. Amounts deferred for a year in excess of this limit are considered "excess elective deferrals" and are subject to the consequences described below.

The SIMPLE deferral limit applies to the total elective deferrals the employee makes for the calendar year, from all employers, under the following arrangements:

- A. SIMPLE Retirement Plans under section 408(p) of the Code;
- B. Elective SEPs under section 408(k)(6) of the Code;
- C. Cash or deferred arrangements under section 401(k) of the Code; and
- D. Salary reduction arrangements under section 403(b) of the Code.

Thus, an employee may have excess elective deferrals even if the amount deferred under this SIMPLE plan alone does not exceed the deferral limit. If an employee who elects to defer compensation under this SIMPLE Plan has made excess elective deferrals for a calendar year, he or she must include such excess elective deferrals in income in the year to which the deferrals relate and must also withdraw those excess elective deferrals by April 15 following the calendar year to which the deferrals relate.

VIII. Nondeductible Employer Contributions - Tax Consequences

If you contribute more than you can deduct, you are liable for an excise tax of 10% on the amount of the Nondeductible Employer Contribution under section 4972 of the Code. Nondeductible Employer Contributions may occur when you contribute too much (more than a 3% of compensation match, or more than a 2% of compensation nonelective contribution).

IX. Restrictions on Withdrawals

Your employees may roll over or transfer only to another trustee or custodian of a SIMPLE IRA any SIMPLE contributions (or income on these contributions) made during a particular plan year within the 2 year period the employee first participated in the SIMPLE Plan. After such 2 year period, the employee may roll over or transfer amounts in the SIMPLE IRA into any other IRA. If the Adoption Agreement indicates that all initial SIMPLE contributions will be made to a single designated Trustee or Custodian, an Employee must be permitted to move that SIMPLE IRA without cost or penalty to another SIMPLE IRA or, if after the 2 year period, to any other IRA.

If your employees withdraw amounts from their SIMPLE IRA during the 2 year period beginning on the date such employee first participated in the SIMPLE Plan, the distribution will be includible in the employee's gross income and may also be subject to a 25% additional income tax as described in section 72(t)(6) of the Code.

X. For More Information

To obtain more information concerning the rules governing this SIMPLE Retirement Plan, please contact the Sponsoring Organization, whose name, address and phone number appear in the Prototype SIMPLE Retirement Plan Adoption Agreement. IRS Publication 560 also contains more information regarding SIMPLE plans.

Internal Revenue Service

Department of the Treasury

Prototype SIMPLE IRA Plan 001

FFN: 5092949AQ00-001 Case: 200201539 EIN: 75-1382137

Letter Serial No: K910768b

Washington, DC 20224

SWS SECURITIES INC

1201 ELM STREET SUITE 3500

DALLAS, TX 75270

Contact Person:

Ms. Arrington 50-00197

Telephone Number:

(202) 283-8811

In Reference to:

OP:E:EP:T

Date:

10/24/2002

Dear Applicant:

In our opinion, the amendment to the form of your Savings Incentive Match Plan for Employees of Small Employers (SIMPLE IRA Plan) does not adversely affect its acceptability under section 408(p) of the Internal Revenue Code. This SIMPLE IRA Plan is approved for use only in conjunction with one or more SIMPLE Individual Retirement Arrangements (SIMPLE IRAs), each of which meets the requirements of Code section 408(p) and has received a favorable opinion letter, or is a model SIMPLE IRA (Form 5305-S or 5305-SA).

An employer that adopts this approved prototype will be considered to have a SIMPLE IRA Plan that satisfies the requirements of Code section 408(p) provided that the terms of the plan are followed and that it is used in conjunction with one or more approved SIMPLE IRAs. Please provide a copy of this letter to each adopting employer.

Code section 408(1)(2) requires an employer that adopts a SIMPLE IRA Plan to provide to employees certain information about the SIMPLE IRA Plan.

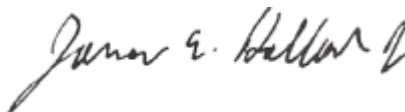
Your prototype may have to be amended to include or revise provisions to comply with future changes in the law or regulations.

If you, the sponsoring organization, have any questions concerning the IRS processing of this case, please call the above telephone number. This number is only for use of the sponsoring organization. Individual participants and/or adopting employers with questions concerning the plan should contact the sponsoring organization. The sponsoring organization must provide its address and telephone number for inquiries by individual participants and adopting employers.

If you write to the IRS regarding this plan, please provide your telephone number and the most convenient time for us to call in case we need more information. Whether you call or write, please refer to the File Folder Number (FFN) shown in the heading of this letter.

You should keep this letter as a permanent record. Please notify us in writing if you modify or discontinue sponsorship of this prototype plan.

Sincerely yours,



Chief, Employee Plans Technical Branch



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
Employee Plans

August 4, 2021

Hilltop Securities, Inc.
Attn.: Mr. Brian Wittneben
717 N. Harwood Street
Dallas, TX 75201

Re: Hilltop Securities, Inc.; EIN: 75-1382137
Nonbank Trustee or Custodian Status

Dear Mr. Wittneben:

This is in response to a letter dated May 21, 2021, concerning a change to your nonbank custodian application. Your nonbank custodian application was approved, pursuant to section 1.408-2(e) of the Income Tax Regulations (Regulations), on December 9, 1992. Our approval letter authorized Hilltop Securities, Inc., f/k/a Southwest Securities, Inc., to act as a passive trustee or custodian of qualified plans under section 401, accounts established under section 403(b)(7), and IRAs described in section 408 of the Internal Revenue Code.

Your May 21, 2021 correspondence informed our office, pursuant to section 1.408-2(e)(6)(iv) of the Regulations, that the address of Hilltop Securities, Inc. was changed from Renaissance Tower, 1201 Elm Street, Suite 3500, Dallas, TX 75270 to 717 N. Harwood Street, Suite 3400, Dallas, TX 75201. Your correspondence did not disclose any other changes that would affect the continuing accuracy of your application.

We have updated our files accordingly. No further action will be taken by this office on this matter.

Please note that this is not a new determination, nor a determination as to whether Hilltop Securities, Inc., continues to meet the requirements of section 1.408-2(e) of the Regulations.

Thank you for writing to us about this matter. Should you have any questions, please contact Roz Ferber (Badge No. 1000221499) at (202) 317-8724.

Sincerely,

Sherri M. Edelman

Sherri M. Edelman, Manager
Employee Plans Technical Group 1

SIMPLE IRA PLAN APPLICATION

Account Registration Information **this section is for office use only**

Account Number _____ Account Short Name _____

Office # _____ Financial Professional _____

Account Type

- SIMPLE IRA** (Must complete the Simple IRA Plan Employer's Adoption Agreement)
 SIMPLE IRA ROLLOVER (Must also complete a Rollover IRA form)

Applicant Information

USA PATRIOT Act Important Information About 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. What this means to you: When you open an account, we will require your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

Name (First, Middle, Last)	Citizenship Status <input type="checkbox"/> U.S. Citizen <input type="checkbox"/> Resident Alien <input type="checkbox"/> Non-Resident Alien (Non-Resident Alien must provide a valid government issued photo ID and a Completed W-BEN)
Physical Street Address (P.O. Box is not acceptable)	Type of Photo Identification <input type="checkbox"/> Driver's License <input type="checkbox"/> Passport/Visa <input type="checkbox"/> Other _____
City, State, Country, & Zip Code	
Mailing Street Address (P.O. Box is acceptable)	State/Country Issued
City, State, Country, & Zip Code	ID Number
Social Security Number/Tax ID Number	Date of Issuance (MM/DD/YYYY)
Date of Birth (MM/DD/YYYY)	Date of Expiration (MM/DD/YYYY)
Primary Phone Number	Employer (if Self-Employed or retired specify type of business)
Secondary Phone Number	Occupation/Job Title
Email Address	Business Phone Number
Marital Status <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed	Employer Street Address
Number of Dependents	City, State, Country, & Zip Code

Please attach a copy of your employer's completed SIMPLE Adoption Agreement, which should be available to you from your SIMPLE Plan contact person.

Plan Contact Person: _____

**** COMPLETE THIS SECTION WITH ONLY GUARDIAN INFORMATION ****

Please complete with guardian information.

Name (First, Middle, Last)	Citizenship Status <input type="checkbox"/> U.S. Citizen <input type="checkbox"/> Non-Resident Alien (Non-Resident Alien must provide a valid government issued photo ID and a Completed W-BEN)
Physical Street Address (P.O. Box is not acceptable)	Type of Photo Identification <input type="checkbox"/> Driver's License <input type="checkbox"/> Passport/Visa <input type="checkbox"/> Other _____
City, State, Country, & Zip Code	
Mailing Street Address (P.O. Box is acceptable)	State/Country Issued
City, State, Country, & Zip Code	ID Number
Social Security Number/Tax ID Number	Date of Issuance (MM/DD/YYYY)
Date of Birth (MM/DD/YYYY)	Date of Expiration (MM/DD/YYYY)
Primary Phone Number	Employer (if Self-Employed or retired specify type of business)
Secondary Phone Number	Occupation/Job Title
Email Address	Business Phone Number
Marital Status <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed	Employer Street Address
Number of Dependents	
	City, State, Country, & Zip Code

Trusted Contact Information (Optional)

Name (First, Middle, Last)			
Home Street Address			
City, State, Country & Zip Code			
Primary Phone Number	Secondary Phone Number	Business Phone Number	Email Address
Relationship to primary applicant/co-applicant (Spouse, Partner, Child, Parent, Sibling, Friend, etc.)			

Affiliations and Disclosures

Indicate the affiliation of yourself, your spouse, or any other immediate family members (i.e. parents, siblings, children or in laws) with the following (Please include name and relationship as is applicable)

<input type="checkbox"/> Yes <input type="checkbox"/> No	A. Employed by or associated with the securities industry or a financial regulatory agency? (If yes, please specify the entity name and address to which duplicate account mailings should be sent, as well as including a letter from employer approving this account.)
<input type="checkbox"/> Yes <input type="checkbox"/> No	B. An officer, director or 10% (or more) shareholder in a publicly owned company? (If yes, please specify company name and trading symbol .)
<input type="checkbox"/> Yes <input type="checkbox"/> No	C. A senior military, governmental or political official in either the U.S. or a foreign jurisdiction? (If yes, identify the name of the official, office held, and country .)
<input type="checkbox"/> Yes <input type="checkbox"/> No	D. Are you an accredited investor as defined in SEC Rule 501 of Regulation D?

Investment Objectives and Risk Tolerance

Primary Investment Objective with your associated Risk Tolerance (check one box only)

Select the categories that best describe your investment objectives and the risk that you are willing to assume in this account. Different investment products and strategies involve different degrees of risk. The greater the expected returns of a product or strategy, the greater the risk that you could lose some or all of your investment. Investments should be chosen based on your objectives, timeframe, and tolerance for market fluctuations.

Investment Objective	Risk Tolerance		
<input type="checkbox"/> Capital Preservation	<input type="checkbox"/> Low		
<input type="checkbox"/> Income	<input type="checkbox"/> Low	<input type="checkbox"/> Moderate	<input type="checkbox"/> High
<input type="checkbox"/> Growth		<input type="checkbox"/> Moderate	<input type="checkbox"/> High
<input type="checkbox"/> Speculation			<input type="checkbox"/> High

Description of Terms

Investment Objective Descriptions

- Capital Preservation**
 The objective of capital preservation is to protect your initial investment by choosing investments that minimize the potential of a loss of principal. The long-term risk of this strategy is that returns may not offset inflation.
- Income**
 The primary objective of the income strategy is to provide current income rather than the long-term growth of principal.
- Growth**
 The objective of the growth strategy is to increase the value of your investment over time while recognizing a high likelihood of volatility.
- Speculation**
 A speculative objective assumes a higher risk of loss in anticipation of potentially higher-than-average gains by taking advantage of expected price changes. You recognize and are able to bear the full risk of the loss of some or all principal in such investments.

Risk Tolerance Descriptions

- Low (Conservative)**
 I want to preserve my initial principal in this account, with minimal risk, even if that means this account does not generate significant income or returns and may not keep pace with inflation.
- Moderate**
 I am willing to accept some risk to my initial principal and tolerate some volatility to seek higher returns and understand I could lose a portion of the money invested.
- High (Aggressive)**
 I am willing to accept high risk to my initial principal, including high volatility, to seek higher returns over time, and understand I could lose all or a substantial amount of the money invested.

Financial Information

- Annual income**
 Includes income from sources such as employment, alimony, social security, investment income, etc.
- Net worth**
 Is the value of your assets minus your liabilities. For purposes of this application, assets include stocks, bonds, mutual funds, other securities, bank accounts, and other personal property. Do not include your primary residence among your assets. For liabilities, include any outstanding loans, credit card balances, taxes, etc. Do not include your mortgage.
- Liquid Net Worth**
 Is your net worth minus assets that cannot be converted quickly and easily into cash, such as real estate, business equity, personal property and automobiles, expected inheritances, assets earmarked for other purposes, and investments or accounts subject to substantial penalties if they were sold or if assets were withdrawn from them.

Financial Information

Investment Experience Include year of experience)	Annual income (From all sources)	Net Worth (Exclusive of residence)	Liquid Net Worth (Cash, Securities, etc.)	Federal Tax Rate
<input type="checkbox"/> Stocks _____	<input type="checkbox"/> Under \$25,000	<input type="checkbox"/> Under \$50,000	<input type="checkbox"/> Under \$50,000	<input type="checkbox"/> 10%
<input type="checkbox"/> Bonds _____	<input type="checkbox"/> \$25,000 - \$49,999	<input type="checkbox"/> \$50,000 - \$99,999	<input type="checkbox"/> \$50,000 - \$99,999	<input type="checkbox"/> 12%
<input type="checkbox"/> Options _____	<input type="checkbox"/> \$50,000 - \$99,999	<input type="checkbox"/> \$100,000 - \$249,999	<input type="checkbox"/> \$100,000 - \$249,999	<input type="checkbox"/> 22%
<input type="checkbox"/> Commodities _____	<input type="checkbox"/> \$100,000 - \$249,999	<input type="checkbox"/> \$250,000 - \$499,999	<input type="checkbox"/> \$250,000 - \$499,999	<input type="checkbox"/> 24%
<input type="checkbox"/> Futures _____	<input type="checkbox"/> \$250,000 - \$999,999	<input type="checkbox"/> \$500,000 - \$999,999	<input type="checkbox"/> \$500,000 - \$999,999	<input type="checkbox"/> 32%
<input type="checkbox"/> Mutual Funds _____	<input type="checkbox"/> \$1,000,000 - \$2,999,999	<input type="checkbox"/> \$1,000,000 - \$2,999,999	<input type="checkbox"/> \$1,000,000 - \$2,999,999	<input type="checkbox"/> 35%
<input type="checkbox"/> Annuities _____	<input type="checkbox"/> Over \$3,000,000	<input type="checkbox"/> \$3,000,000 - \$49,999,999	<input type="checkbox"/> Over \$3,000,000	<input type="checkbox"/> 37%
<input type="checkbox"/> Margin Accts _____		<input type="checkbox"/> Over \$50,000,000		
<input type="checkbox"/> Other List _____				

**The investment in this account will be
(Check One)**

<input type="checkbox"/> Less than ¼ of my financial portfolio	<input type="checkbox"/> Roughly ¼ to ½ of my financial portfolio
<input type="checkbox"/> Roughly ½ to ¾ of my financial portfolio	<input type="checkbox"/> More than ¾ of my financial portfolio

Investment Time Horizon – When is the earliest that you expect to need funds from this account?

<input type="checkbox"/> Under 3 years	<input type="checkbox"/> 3 – 5 years	<input type="checkbox"/> 6 – 10 years	<input type="checkbox"/> 11 - 20 years	<input type="checkbox"/> Over 20 years	<input type="checkbox"/> Unknown
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**I plan to use this account for the following
(Check all that apply)**

**What is your source of funds for this account
(Check all that apply)**

<input type="checkbox"/> Generate income for current or future expenses	<input type="checkbox"/> Income from earnings
<input type="checkbox"/> Partially fund my retirement	<input type="checkbox"/> Investment/Transfer from brokerage account
<input type="checkbox"/> Wholly fund my retirement	<input type="checkbox"/> Gift
<input type="checkbox"/> Steadily accumulate wealth over the long term	<input type="checkbox"/> Sale of business or real estate
<input type="checkbox"/> Preserve wealth and pass it on to my heirs	<input type="checkbox"/> Inheritance
<input type="checkbox"/> Pay for educational expenses	<input type="checkbox"/> Pension/IRA/Retirement Savings
<input type="checkbox"/> Market Speculation	<input type="checkbox"/> Spouse/Parent/Relative
<input type="checkbox"/> Other _____	<input type="checkbox"/> Legal/Insurance Settlement
	<input type="checkbox"/> Lottery/Gaming
	<input type="checkbox"/> Other _____

Beneficiary Designation

In the event of my death, pay the full value of my account (in equal proportions in the case of multiple beneficiaries unless I indicate otherwise) to the primary beneficiary(ies) as designated and fully identified below. I understand that if a primary beneficiary(ies) predeceases me, the remaining portion will be divided proportionately among any surviving primary beneficiaries.

If my primary beneficiary(ies) predecease me, pay the full value of my account to the named contingent beneficiary(ies) designated below. I understand that if a contingent beneficiary predeceases me, the remaining portion will be divided proportionately among any surviving named contingent beneficiaries. Contingent beneficiaries and per stirpes heirs will only inherit assets if there are no surviving primary beneficiaries at the time of the account holder's death.

If I do not designate a beneficiary or if all of my beneficiaries predecease me, pay the full value of my account to my estate. Should all my beneficiaries disclaim my assets, predecease me, or not survive me by 120 hours, the assets will be distributed to my estate.

I understand that I may change or revoke this designation at any time by completing a Change of Beneficiary Form, which will become effective after HTS confirms receipt of my properly completed Change of Beneficiary Form.

I understand that if HTS determines that my beneficiary designation is not clear with respect to the amount of the distribution, the date on which the distribution shall be made, or the identity of the beneficiary(ies) who will receive the distribution, regardless of the assistance of my Authorized Agent designated below or lack thereof, HTS has the right, in its sole discretion, to consult counsel and to institute legal proceedings to determine the proper distribution of my account, all at the expense of my account, before distributing or transferring my assets.

For any named primary beneficiary(ies), I understand that I may either select to name a contingent beneficiary(ies) or select per stirpes, but I cannot choose both for the same primary beneficiary. If both are selected, I understand and agree that HTS will only honor my named beneficiaries, whether primary or contingent. I am aware that per stirpes selection applies to natural and adopted children but does not include stepchildren. Additionally, per stirpes may not be designated as a primary beneficiary.

It is extremely important that you clearly indicate the percentage each beneficiary is to receive; make sure the percentages add up to 100% for the primary beneficiaries and 100% for named contingent beneficiaries. If you do not indicate percentages in the primary or contingent beneficiary sections or if they do not equal 100%, my assets shall be divided equally among the surviving beneficiaries in the respective class.

Mandatory Questions Regarding Beneficiary(ies). You must complete this section.

- 1) Are you married?** Yes or No ? If yes, proceed to question 2. If no, do not answer any more questions in this section.
- 2) Are you designating your spouse as the only primary beneficiary?** Yes or No ? If yes, do not answer any more questions in this section. If no, proceed to question 3.
- 3) Is this account being funded by community property, separate property, or both?**
 - Community Property
 - Separate Property
 - Both (community property and separate property)

If you selected "Community Property" or "Both (community property and separate property)", please have your spouse complete the spousal consent below, as HTS cannot process this application without a completed spousal consent.

Beneficiary Designation Continued

Note that if HTS determines that the nature of the funds in the account are different than you represent, HTS has the right, in its sole discretion, to consult counsel and to institute legal proceedings to determine the proper distribution of your account, all at the expense of your account, before distributing or transferring your assets.

HTS' Definition of Per Stirpes Distribution

If you indicate per stirpes distribution to your predeceased primary beneficiary(ies), you agree that the definition of per stirpes in this form will govern how HTS will distribute your account assets. Note that the definition of per stirpes in this form will be followed even though HTS' definition may differ from the definition of per stirpes under your particular state's laws and/or your Will or Trust. Please carefully review the definition of per stirpes below. Before completing and submitting this form to HTS, consult an attorney if you have any questions about per stirpes.

If a primary beneficiary with per stirpes selected as his or her contingent beneficiary predeceases me, HTS will distribute the primary beneficiary's share to his or her living children (natural or legally adopted; **stepchildren are not legally defined as descendants for these purposes**) if any, in equal shares. **If you wish to include any stepchildren, you should name and fully identify your natural, legally adopted, and stepchildren as contingent beneficiaries rather than selecting per stirpes.** If the predeceased primary beneficiary has no living natural or legally adopted children, that primary beneficiary's portion will be distributed to the other primary beneficiaries, if any, in equal shares. If all per stirpes beneficiaries predecease me, HTS will distribute my account assets to my estate. I understand that per stirpes cannot be named as a primary beneficiary. I also understand and agree that I may either select to name a contingent beneficiary(ies) or select per stirpes as the secondary beneficiary of a named primary beneficiary, but I cannot choose both for the same primary beneficiary. If both are selected, I understand and agree that HTS will only honor my named beneficiaries, whether primary or contingent.

Beneficiary 1 Name (First, Middle, Last)		Beneficiary 2 Name (First, Middle, Last)	
Physical Street Address (P.O. Box is not acceptable)		Physical Street Address (P.O. Box is not acceptable)	
City, State, Country, & Zip Code		City, State, Country, & Zip Code	
Relationship	Date of Birth (MM/DD/YYYY)	Relationship	Date of Birth (MM/DD/YYYY)
Social Security Number (SSN)		Social Security Number (SSN)	
<input type="checkbox"/> Primary <input type="checkbox"/> Contingent <input type="checkbox"/> Per Stirpes		<input type="checkbox"/> Primary <input type="checkbox"/> Contingent <input type="checkbox"/> Per Stirpes	
_____ Share%		_____ Share%	
Beneficiary 3 Name (First, Middle, Last)		Beneficiary 4 Name (First, Middle, Last)	
Physical Street Address (P.O. Box is not acceptable)		Physical Street Address (P.O. Box is not acceptable)	
City, State, Country, & Zip Code		City, State, Country, & Zip Code	
Relationship	Date of Birth (MM/DD/YYYY)	Relationship	Date of Birth (MM/DD/YYYY)
Social Security Number (SSN)		Social Security Number (SSN)	
<input type="checkbox"/> Primary <input type="checkbox"/> Contingent <input type="checkbox"/> Per Stirpes		<input type="checkbox"/> Primary <input type="checkbox"/> Contingent <input type="checkbox"/> Per Stirpes	
_____ Share%		_____ Share%	

Authorized Party

If I indicate per stirpes, HTS will require the Authorized Party designated herein to assist HTS with the identity of the per stirpes beneficiary(ies) prior to distributing my account assets. I understand and agree that I will keep my designated Authorized Party up to date and will notify HTS should I wish to change my Authorized Party or should my Authorized Party predecease me or elect not to serve as my Authorized Party.

HTS is entitled to rely on my authorized agent when distributing my account assets. However, I also agree that HTS has no obligation to locate or identify any beneficiary(ies) or to independently verify any information submitted by my Authorized Party prior to distributing my account assets. I, my estate, and my successors in interest further understand and agree that, notwithstanding this Beneficiary section and any information or instructions provided by my Authorized Party, HTS may, in its sole discretion, require additional documentation, consult, or institute legal proceedings in order to determine the proper identity of my beneficiaries, all of which shall be at the expense of my account.

Name of Authorized Party (First, Middle Initial, Last Name)

Relationship to you

Physical Street Address (P.O. Box is not acceptable)

City, State, Zip Code

Email Address(es)

Primary Phone Number

Spousal Consent

(Required if participant's spouse is not designated as the sole primary beneficiary, and the account is being funded in whole or in part with community property.)

As the spouse of the participant in the above-named Plan, I acknowledge that I understand my rights to be named the Primary Beneficiary of my spouse's account balance. I hereby consent to the designation made by my spouse to have the death benefit paid to the beneficiary(ies) named on my spouse's most current Beneficiary Designation instead of to me. I further acknowledge that I understand that the effect of my consent may be to forfeit benefits which I would be entitled to receive upon my spouse's death; that my spouse may not name a non-spouse beneficiary unless I consent to it; that the trustees may or may not permit me to revoke my consent to waiver at a later date; and that my spouse may not change beneficiary(ies) to anyone other than myself without my consent.

X _____

Spouse's Signature

_____ Date

_____ Spouse's Printed Name

Sweep Account Instructions

For Cash Within the Account:

This type of account may not retain excess cash balances in Credit Interest (CIP). Excess cash balances must sweep to the bank insured deposit program.

The sweep program is provided by HTS to its customers offering you the ability to automatically transfer excess cash balances in your securities account to an account at a bank whose deposits are insured by the FDIC. A sweep of your excess cash balance allows you to earn interest on the funds while retaining the flexibility to quickly access that cash to purchase securities or withdraw it. HTS may change the products available under the sweep program. For existing accounts, please notify your Financial Professional if you wish to sweep cash balances to the Bank Insured Deposit program. Individual retirement accounts and qualified retirement plan accounts may not retain excess cash balances in CIP. Therefore, these specific types of accounts must affirmatively select the Bank Insured Deposit program.

The Bank Insured Deposit is a program which involves a series of FDIC-insured bank accounts maintained at various participant banks, including PlainsCapital Bank, an affiliate of Hilltop Securities Inc. (HTS). Bank deposits are generally insured up to \$250,000 per depositor, while your IRA and other qualifying self directed retirement funds on deposit are separately insured up to \$250,000. Balances in Bank Insured Deposit up to \$5 million may be covered depending on the number of participant banks in the program. Account balances in excess of the combined coverage limits of the participant banks will be swept by HTS to a money market fund. A list of participant banks is available at www.hilltopsecurities.com. Deposits you may have directly placed with any participant bank should be taken into account when assessing your FDIC coverage. If you have a deposit with one of the participant banks that is separate from a balance in the Bank Insured Deposit, please notify your Financial Professional if the combined deposits are in excess of \$250,000.

I acknowledge that I have been notified of the general terms and conditions of the sweep program. I acknowledge that if I have selected the Bank Insured Deposit program, the terms and conditions will be mailed to me. Information regarding FDIC coverage is available at www.fdic.gov. Cash balances invested in the Bank Insured Deposit are not covered by SIPC or excess-SIPC coverage. Please consult your Financial Professional, as certain types of accounts may not be eligible to invest in the Bank Insured Deposit. HTS or your Financial Professional may receive a fee or compensation with respect to the Bank Insured Deposit. For more information concerning your cash account options, please contact your Financial Professional. For complete sweep account disclosures please see the Customer Information Brochure, as well as our website: www.hilltopsecurities.com/disclosures/sweep-account-disclosure/. HTS may change the products available under the sweep program, however you will receive 30 days notice before certain specified changes are made.

Option Account Agreement (Please read, complete and sign below if you wish to trade options)

Prior option trading frequency

No Trading

Infrequent

Moderate

Active

Option Strategy Levels Requested

Check the strategy level that you wish to utilize in this account

Level 1: Sell Covered Calls/Cash Secured Puts

Level 2: Level 1 plus buying calls and/or puts.

By signing below, I acknowledge that I have received a copy of the HTS Option Account Agreement Section of the Customer Information Brochure and that I have read, understand and agree to be bound by the terms. I feel that I have sufficient knowledge to invest in options and I represent that I will maintain extra awareness due to the short life and price volatility of options. **I REPRESENT THAT I AM CAPABLE OF EVALUATING, CARRYING AND BEARING THE FINANCIAL RISKS AND HAZARDS OF THE OPTION STRATEGIES AS I HAVE REQUESTED.**

X _____ Date _____
Applicant's Signature

Account Agreement and Special Instructions

You hereby request that your Financial Professional maintain a brokerage account in the name(s) listed on this application. You acknowledge that you have received, read and understood the Hilltop Securities Inc. (HTS/Firm) Cash Account Agreement (Agreement) section of the Customer Information Brochure and that you agree to be bound by the terms and conditions of the Agreement that apply to your brokerage account, as is currently in effect and as may be amended from time to time, and that you will contact your Financial Professional regarding any questions that may relate to your account in a timely manner.

By signing below, you authorize HTS to invest or transfer on an ongoing basis any excess cash balances to another account or institution as per the sweep account option selected above. You also acknowledge that you have read, understand, and agree to be bound by all terms as contained in the Customer Information Brochure relating to sweep accounts. You agree to notify your Financial Professional should you wish to change your sweep account selection. You also authorize HTS to transfer your interest in the selected sweep option to another product in its sweep account program upon 30 days written notice.

By signing this Application, you confirm your intention to reinvest cash credit balances held by HTS in your name, and you further confirm that this cash credit balance is being maintained in your account solely for the purpose of reinvestment. You acknowledge your understanding that cash balances of up to \$250,000 are protected by the Securities Investor Protection Corporation (SIPC), but that SIPC coverage is not available for funds maintained solely for the purpose of earning interest.

Under rule 14b-1(c) of the Securities Exchange Act, a broker is required to disclose to an issuer the name, address, and securities positions of our customers who are beneficial owners of that issuer's securities unless the customer objects. If you object to the disclosure of such information, please check this box:

Yes, I object to the disclosure of such information.

Tax Withholding Certifications

Please check all boxes that apply, and sign and date the signature section

Primary Applicant	
<input type="checkbox"/>	Person: under penalties of perjury, I certify that (1) the number shown on this form is my correct taxpayer identification number; (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; (3) I am a U.S. Person (including a U.S. resident alien); and (4) the Foreign Account Tax Compliance Act (FATCA) code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct
<input type="checkbox"/>	Certification Instructions: You must check this box if you cannot certify to item (2) above, meaning that you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report interest and dividends on your tax return.
<input type="checkbox"/>	Non-Resident Alien: I certify that I am not a U.S. citizen, U.S. Resident alien, or other U.S. Person for U.S. tax purposes, and I am submitting the applicable Form W-8Ben with this form to certify my foreign status and, if applicable, claim tax treaty benefits.

Under penalties of perjury, I certify that the above information (including my social security number) is correct. I hereby agree to participate in the IRA offered by the Custodian. I acknowledge receipt of a copy of the plan document under which this IRA is established and a copy of the Disclosure Statement with respect to this IRA. I direct that all benefits upon my death be paid as indicated above. In the event that this is a rollover contribution, the undersigned hereby irrevocably elects, pursuant to the requirements of Section 1.402(a)(5)-IT of the IRS regulations, to treat this contribution as a rollover contribution. The Custodian of this account is Hilltop Securities Inc. Notice of revocation must be delivered or mailed to Hilltop Securities Inc. / 717 N. Harwood Street, Suite 3400 / Dallas, TX 75201 / Phone #: (214) 859-1800.

Legal Documents and Disclosures

Document Name	URL
Important information about our brokerage and investment advisory services	
Customer Information Brochure	https://www.hilltopsecurities.com/disclosures/customer-information-brochure/
Basic Securities & Brokerage	
Privacy Policy	https://www.hilltopsecurities.com/disclosures/privacy-policy/
Hilltop Securities Inc. Sweep Disclosure	https://www.hilltopsecurities.com/disclosures/sweep-account-disclosure/
Simple IRA Agreement Disclosure	https://www.hilltopsecurities.com/wp-content/uploads/sites/3/2021/12/Simple-IRA-Agreement-Disclosure-and-Application-10-30-2021-1.pdf
PTE DOL Fiduciary Disclosure	https://www.hilltopsecurities.com/wp-content/uploads/sites/3/2022/04/HTS_PTE-Fiduciary-Disclosure-Letter_.pdf
Margin & Options	
Characteristics and Risk of Standardized Options	http://www.theocc.com/about/publications/character-risks.jsp
Special State for Uncovered Option Writers	
IRS Form	
IRS Form W-9	https://www.irs.gov/pub/irs-pdf/fw9.pdf

By signing and dating this form, all applicants authorize the disclosure of their names, security position(s) and contact information, for purposes of receiving official communications concerning municipal securities, if relevant, to (a) an issuer of municipal securities; (b) a trustee for an issue of municipal securities in its capacity as trustee; (c) a state or federal tax authority; or (d) a custody agent for a stripped coupon municipal securities program in its capacity as custody agent. (For additional information, please see MSRB Rules G-8(a)(xi) and G-15(g)(iii)(A).)

"Power of Attorney" not related to limited trading authorization will be accepted if it complies with the POA standards established by Hilltop Securities Inc.

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup and FATCA withholding. For IRS Form W-9 instructions please use the following link: <http://www.irs.gov/pub/irs-pdf/iw9.pdf>.

In consideration of the firm accepting this account, I acknowledge that I have read, understand and agree to be bound by the Account Agreement terms as contained in the Customer Information Brochure, that I acknowledge the Form CRS, DOL PTE Fiduciary Disclosure, and the Brokerage Services Disclosure Brochure. **I further acknowledge that I have read and understand the pre-dispute arbitration clause contained in the Account Agreement section of the Customer Information Brochure and agree to resolve any disputes arising out of my account by arbitration.** I certify that the foregoing client information is accurate and I am aware that the information is relied upon by the financial professional in servicing my account, and as such, I agree to notify the Firm in writing of any material changes, including those to my financial situation or investment objectives.

Customer Signature

X _____
 Applicant's Signature Date Applicant's Printed Name

**SIMPLE RETIREMENT PLAN
ADOPTION AGREEMENT**

The undersigned Employer hereby establishes on the date indicated, the Sponsoring Organization's SIMPLE Retirement Plan and agrees that the following elections and terms shall be part of such Plan.

Employer Information

Name	Phone Number
Address	EIN
City, State, Country, & Zip Code	Contact Person

Plan Information

Effective Date: January 1, _____; or _____ (For initial Plan Year enter a date between January 1 and October 1.)

Sponsoring Organization: _____

The Sponsoring Organization will inform the Employer of any amendments to the SIMPLE or if the Sponsoring Organization no longer sponsors this agreement.

Eligibility Requirements

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

- a. Employees included in a unit of employees covered under a collective bargaining agreement described in section 2.02(a) of the Plan. (NOTE: This box is deemed checked if the special rule for the one-plan requirement in section 1.03(a) applies.)
- b. Non-resident alien employees who did not receive US source income described in section 2.02(b) of the Plan.
- c. If the Employer has been involved in an acquisition, or similar transaction, by checking the box below, the following Employees are not Eligible Employees, but only for the calendar year of the transaction and the following calendar year (the following 2 calendar years, if permitted by section 408(p)):
 - Employees who would be employed by another employer involved in the _____ (insert date of transaction) transaction with the Employer had the transaction not occurred. (NOTE: This box is deemed checked if section 1.03(a) of the Plan applies.)
- a. Full eligibility. All Employees are eligible.
- b. Limited eligibility. Eligibility is limited to each Eligible Employee who is described in both (i) and (ii) below:
 - (i) Prior year compensation. An Eligible Employee who has received at least \$5,000, or _____, if lesser, in Compensation during any 2, or _____ (insert 0 or 1), if less, preceding calendar years (need not be consecutive); and
 - (ii) Current year compensation. An Eligible Employee who is reasonably expected to receive at least \$5,000, or _____, if lesser, in Compensation during the current calendar year.

Written Allocation Formula Employer Contributions

The Employer shall contribute on behalf of each Participant for each Plan Year in accordance with one of the following as indicated in the Summary Description.

- a. Matching Contribution in the amount of the Participant's Elective Deferral. Employer Matching Contributions must meet the requirements of section 3.03(b) of the Plan.
- b. Nonelective Contribution of 2% of each Eligible Employee's Compensation, who receives at least \$5,000, or _____, if lesser, in Compensation from the Employer for the Plan Year.

SECURE 2.0 Legislative Increases and Additional Contributions.

Note: Certain contribution elections made in item below may replace or supplement the options in items above.

- a. Roth post-tax elective deferrals may be elected by employees in lieu of or in addition to pre-tax elective deferrals. Note: The total amount of pre-tax and Roth elective deferrals combined may not exceed the maximum deferral limit permitted by law, subject to cost-of-living adjustments (\$16,000 for 2024).
- b. Additional nonelective contributions: The employer hereby elects to make additional contributions to each employee of the plan in a uniform manner, provided that the contribution does not exceed the lesser of 10% of an employee's compensation or \$5,000 (indexed). compensation is capped at the 401(a)(17) (\$345,000 for 2024) amount for the year.
- c. Participants may elect to have employer contributions treated as Roth contributions: Employees may elect to treat matching and nonelective employer contributions as Roth contributions. See the Salary Reduction Agreement for more information.
- d. Treatment of Student Loan Payments as Elective Deferrals: Employers may make matching contributions under the SIMPLE IRA, based on "qualified student loan payments". The student loan payments must be attributable to expenses incurred for the sole purpose of qualified higher education expenses of the employee.
- Individuals who attained age 60, 61, 62, and 63 may make a catch-up elective deferral that is the greater of \$5,000 or 50% more than the regular catch-up amount.

Increase to Elective Deferral Contributions and Catch-up Contributions:

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

SECURE 2.0 ELECTION FORM

PLAN PROVISIONS OF THE SECURE 2.0 ACT

SIMPLE IRAs Employers

The Setting Every Community Up for Retirement Enhancement Act of 2022 ("SECURE 2.0") Act was signed into law on December 29, 2022. While we await technical guidance to implement many of the enacted provisions, this operational checklist provides evidence of Plan Sponsor intent and best practices. Once the necessary guidance becomes available, along with the new IRS Plan Documents and SIMPLE IRA Forms, we will send the formal amendments for adoption for both employers and employees. Generally, SIMPLE IRA plan amendments will be required by 12/31/26 or such later date as the IRS may indicate.

Until IRS amends the SIMPLE IRA forms, implementation of the Roth feature is permitted via use of all current documents, whether IRS model (e.g. 5304-SIMPLE or 5305-SIMPLE) or documents.

From the following list, please select the options to be adopted in practice beginning with the 2025 Calendar Year. Please note that if the employer is planning to add the items below, such information must be added to their Summary Description to employees for the 2025 Calendar Year, due by November 2, 2024. In addition, an election to utilize such provisions must be made by the eligible employee within the 60-day period beginning on November 2 through December 31, 2024.

ROTH ELECTIVE DEFERRALS

Roth Elective Deferrals will; or will not be available beginning in 2025 for my Employees

Note: If "will" is selected, the Salary Reduction Agreement should be updated to permit the Employee to elect either "pre-tax" or "Roth" deferrals. The employer will then report these deferrals on the employee's Form W-2.

OPTIONAL PROVISIONS

Add the following provisions* to our Plan (select all that apply; a non-selection will indicate that the provision is not permitted):

- For individuals who are age 60, 61, 62, and 63, the SIMPLE IRA catch-up limit (\$3,500 for 2024) is increased to the greater of \$5,000 or 50% more than the regular catch-up amount. In addition, this amount will be indexed for inflation after 2025. This is effective for taxable years beginning after December 31, 2024.
- Employers may make matching contributions under a SIMPLE IRA plan based on "qualified student loan payments". The student loan payments must be attributable to expenses incurred for the sole purpose of qualified higher education expenses of the employee.
- A SIMPLE plan employer may make additional contributions to each employee of the plan in a uniform manner, provided that the contribution does not exceed the lesser of 10% of an employee's compensation or \$5,000 (indexed). Compensation is capped at the 401(a)(17) amount for the year.
- For employers with 26-100 employees, the employer may elect to increase the annual deferral and age 50 catch-up limits to 110% of the 2024 limits, if they increase their match to 4% or the nonelective to 3%.

Note: The above provision to increase the annual deferral amounts is automatic for Employers that have less than 26 employees. For those employers, there is no requirement to increase the employer contribution.

The employer must notify the employees of the increased deferral limits (whether voluntary or mandatory) and the increase in employer contributions, if applicable, in the Summary Description.

- Employees may elect to have Employer Contributions (Nonelective and Matching) Treated as Roth Contributions.
If this provision is selected, your SIMPLE IRA Custodian will report the "Roth" employer contribution on Form 1099-R. The form's instructions state it is "reported for the year in which the contributions are made to the employee's Roth IRA, with the total reported in boxes 1 and 2a, using code 2 or 7 in box 7 and the IRA/SEP/SIMPLE checkbox in box 7 checked. This reflects the taxation to the individual employee.

As noted earlier, a separate election form (such as the Salary Reduction Agreement) must be provided to the employee to allow for them to elect this treatment.

*Notwithstanding the selections made above, the Custodian of your SIMPLE IRA will inform you as to when implementation of the provision can be made to the Plan.

AUTHORIZED SIGNATURE

Important: Please keep a copy of this form in your files so you will know how to amend your plan in the future based on these choices.

Plan Name _____

Name of Authorized Signer _____ Title _____

Signature _____ Date _____

Written Allocation Formula Employer Deferrals

An Eligible Employee may elect to have his/her Compensation reduced by a percentage as specified on the Deferral Form (including a "catch-up" contribution.).

If a Participant elects to stop deferring during a Plan Year, such Participant:

- a. may not begin Elective Deferrals until January 1 of the next Plan Year; or
- b. may resume Elective Deferrals at any time provided another Deferral Form is filed with the Employer.

An Eligible Employee will be permitted to make or modify his deferral election: _____ (insert date(s) which will apply to all Eligible Employees).

Investment Provisions

The IRA accounts of each Participant shall be established and maintained with:

- a. Trustee/Custodian of each Participant's choice if indicated on the Deferral Form; or
- b. The "DFI" Trustee/Custodian named by the Employer is: (insert name and address of DFI)

Signatures

Employer: _____ Trustee (optional): _____

By (Authorized Signature): _____ By (Authorized Signature): _____

Date: _____ Date: _____

SIMPLE PLAN DEFERRAL FORM and ROTH TREATMENT OF EMPLOYER CONTRIBUTIONS

SECTION I GENERAL PLAN INFORMATION

Participant's Name _____

Participant's Address _____

Name of Employer _____

SSN _____

Trustee/Custodian _____

SECTION II SALARY REDUCTION DEFERRAL ELECTION

1. Subject to the requirements of the SIMPLE Retirement Plan of the above-named employer, I authorize the following amount or percentage of my compensation to be withheld from each of my pay checks and contributed to my SIMPLE IRA:
- a. _____ percent of my salary (not in excess of 100 %); OR
 - b. _____ per pay period; OR
 - c. _____ as of _____ (insert amount and date of single-sum deferral payment).
2. Subject to the requirements of the SIMPLE Retirement Plan of the above-named employer, I authorize the following amount or percentage of my compensation to be withheld from each of my paychecks and contributed to my SIMPLE IRA as a Roth post tax salary reduction contribution.
- a. _____ percent of my salary (not in excess of 100 %); OR
 - b. _____ per pay period; OR
 - c. _____ as of _____ (insert amount and date of single-sum deferral payment).

I understand that the total amount of pre-tax (1) and Roth (2) elective deferrals combined may not exceed the maximum deferral limit permitted by law, subject to cost-of-living adjustments.

3. I elect to terminate my salary reduction contributions. (Proceed to Section VIII below.)
4. I elect not to participate in my employer's SIMPLE Plan with respect to Salary reduction contributions.

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

SECTION III – ELECTION OF ROTH TREATMENT OF EMPLOYER CONTRIBUTIONS

1. I elect to treat my employer's contribution to this SIMPLE IRA as a Roth Contribution.
2. I elect to stop treating my employer contributions to this SIMPLE IRA as Roth Contributions.

I understand that the above election will apply as soon as administratively feasible or if later: _____ (enter the date that will apply to above election)

SECTION IV AMOUNT OF DEFERRAL

- 1 If I will be under age 50 by the end of the relevant year, I understand that the total amount of my salary reduction contributions cannot exceed a specified dollar amount explained in the Summary Description.
- 2 If I will be age 50 or over by the end of the relevant year, I understand that the total amount of my age 50 catch-up salary reduction contributions cannot exceed a specified dollar amount explained in the Summary Description.
- 3 I understand that the total amount I defer in any calendar year to this SIMPLE may not exceed the lesser of: _____ % of my compensation; or the dollar limitation indicated in (a) or (b) above.

SECTION V COMMENCEMENT OF DEFERRAL

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

SECTION VI DISTRIBUTIONS FROM SIMPLE IRA

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

SECTION VII EMPLOYEE SELECTION OF SIMPLE IRA TRUSTEE OR CUSTODIAN

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

Name of Financial Institution: _____

Address: _____

SIMPLE IRA Account Name/Number: _____

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

Date: _____

Signature of Participant: _____

ANNUAL SUMMARY DESCRIPTION

(For Existing SIMPLE Plan)

Section VIII TERMINATION OF ELECTIVE DEFERRALS

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

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

Employee Initials _____

Section IX PARTICIPANT AUTHORIZATION

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

Signature of Employee: _____ Date: _____

EMPLOYER INSTRUCTIONS:

We are required to provide you with an Annual Summary Description for your SIMPLE Plan. You, the employer, must complete the information in items 1 through 9 below, prior to providing this Summary Description to your employees. A completed Annual Summary Description must be given to each eligible employee within a reasonable time prior to November 2nd of each year. Therefore, this description is providing information on your SIMPLE Plan with respect to the following calendar year. If you are not the Employer, please provide this to your Employer for completion.

PLAN INFORMATION

Name of Employer _____

Employer's Address _____

Name of Trustee/Custodian _____

Address of Trustee/Custodian _____

The Trustee/Custodian named above is a non-DFI; DFI
(If the "DFI" (Designated Financial Institution) box is checked, the Trustee/Custodian must provide information regarding procedures for, and effects of, withdrawals (including rollovers) from the SIMPLE IRA.)

ELIGIBILITY REQUIREMENTS

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

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

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

WRITTEN ALLOCATION FORMULA

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

- a. Matching Contribution - The amount of the Participant's Elective Deferral not in excess of 3% of such Participant's Compensation.
- b. Matching Contribution - The amount of the Participant's Elective Deferral not in excess of _____% (not less than 1% nor more than 3%) of such Participant's Compensation.
- c. Nonelective Employer Contribution - 2% of each Eligible Employee's Compensation, if the Eligible Employee earns at least \$_____ in compensation (not to exceed \$5,000) during the calendar year.

Catch-up Elective Deferral Contributions shall not exceed \$2,500 (subject to cost-of-living adjustments) and may only be made by Eligible Employees who have attained or who will attain the age of 50 on or before December 31. Secure 2.0 in legislative increases and additional contributions.

TIMING OF ELECTION

If a Participant elects to stop deferring during a Plan Year, such Participant:

- a. may not resume Elective Deferrals until January 1 of the next Plan Year; or
- b. may resume Elective Deferrals at the next change date permitted under Item 8 below.

An Eligible Employee will be permitted to make or modify his deferral election: _____ (insert date(s) which will apply to all Eligible Employees).

ADDITIONAL INFORMATION

The Employer has designated _____ (insert Name & Title) to provide additional information to Eligible Employees about the Employer's SIMPLE Plan.

NOTIFICATION TO ELIGIBLE EMPLOYEES

NOTIFICATION TO ELIGIBLE EMPLOYEES OF

(Name of Employer)

I. Opportunity to Participate in the SIMPLE IRA Plan

You are eligible to make salary reduction contributions to your employer's SIMPLE IRA plan. This notice and the attached summary description provide you with information that you should consider before you decide whether to start, continue, or change your salary reduction agreement.

II. Employer Contribution Election

(A) For the _____ calendar year, the employer elects to contribute to your SIMPLE IRA. (Employer must select either (1), (2), or (3)):

- (1) A matching contribution equal to your salary reduction contributions up to a limit of 3% of your compensation for the year.
- (2) A matching contribution equal to your salary reduction contributions up to a limit of _____% (Employer must insert a number from 1 to 3 and is subject to certain restrictions) of your compensation for the year; or
- (3) A nonelective contribution equal to 2% of your compensation for the year (limited to \$345,000 for 2024, plus Cost-of-Living Adjustments) if you are an employee who makes at least \$_____ (Employer must insert an amount that is \$5,000 or less) in compensation for the year.

(B) SECURE 2.0 Legislative Increases and Additional Contributions.

The employer elects to adopt the following contribution options made available by the Setting Every Community Up for Retirement Enhancement Act of 2022 ("SECURE 2.0"). Contribution options are listed below and may replace or supplement items selected in II (A) above.

III. Administrative Procedures

To start or change your salary reduction contributions, you must complete the salary reduction agreement and return it to _____ (Employer should designate a place or individual) by _____ (Employer should insert a date that is not less than 60 days after notice is given).

GENERAL INFORMATION

The following information explains what a Savings Incentive Match Plan for Employees ("SIMPLE") is how contributions are made, and how to treat these contributions for tax purposes. For more specific information, refer to the SIMPLE Retirement Plan document itself, the completed Adoption Agreement and the accompanying disclosure information.

For a calendar year, you may make or modify a salary reduction election during the 60-day period immediately preceding January 1 of that year. However, for the year in which you first become eligible to make salary reduction contributions, the period during which you may make or modify the election is a 60 day period that includes either the date you become eligible or the day before. If indicated on the Adoption Agreement, you may have additional opportunities during a calendar year to make or modify your salary reduction election.

SIMPLE Retirement Plan and SIMPLE IRA Defined: A SIMPLE Retirement Plan is a retirement income arrangement established by your employer. Under this SIMPLE Plan, you may choose to defer compensation to your own SIMPLE Individual Retirement Account or Annuity ("SIMPLE IRA"). You may base these "elective deferrals" on a salary reduction basis that, at your election, may be contributed to a SIMPLE IRA or received in cash. This type of plan is available only to an employer with 100 or fewer employees who earned at least \$5,000 during the prior calendar year.

A SIMPLE IRA is a separate IRA plan that you establish with an eligible financial institution for the purpose of receiving contributions under this SIMPLE Retirement Plan. Your employer must provide you with a copy of the SIMPLE agreement containing eligibility requirements and a description of the basis upon which contributions may be made. All amounts contributed to your SIMPLE IRA belong to you, even after you quit working for your employer.

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

Elective Deferrals - Annual Limitation: The maximum amount that you may defer under this SIMPLE Plan for any calendar year is limited to the lesser of the percentage of your compensation indicated in the Deferral Form or the maximum deferral limit permitted under law, subject to cost-of-living adjustments. For 2014, this amount is \$12,000 (subject to cost of living adjustments).

Allowance of Catch-Up Contributions: All Employees who are eligible to make Elective Deferrals under this Plan and who have attained age 50 before the close of the Plan Year shall be eligible to make Catch-Up Contributions for 2014 up to \$2,500, (subject to cost of living adjustments.)

Tax Treatment of Elective Deferrals: The amount that you may elect to contribute to your SIMPLE IRA is excludible from gross income, subject to the limitations discussed above, and is not includible as taxable wages on Form W-2. However, these amounts are subject to FICA and FUTA taxes. If you work for other employers (unrelated to this Employer) who also maintain a salary deferral plan, there is an overall limit on the maximum amount that you may defer in each calendar year to all elective SEPs, cash or deferred arrangements under section 401(k) of the Code, other SIMPLE plans and 403(b) plans regardless of how many employers you may have worked for during the year.

This limitation is referred to as the §402(g) limit. The section 402(g) limit on elective deferrals is currently \$17,500, subject to cost of living adjustments.

When "excess elective deferrals" (i.e., amounts in excess of the SIMPLE elective deferral limit or the section 402(g) limit) are made, you are responsible for calculating whether you have exceeded these limits in the calendar year. Excess elective deferrals are includible in your gross income in the calendar year of deferral. Income on the excess elective deferrals is includible in your income in the year of withdrawal from the SIMPLE IRA. You should withdraw excess elective deferrals and any allocable income, from your SIMPLE IRA by April 15 following the year to which the deferrals relate. These amounts may not be transferred or rolled over tax-free to another SIMPLE IRA. The trustee or custodian of your SIMPLE IRA will inform you of the income allocable to such excess amounts.

SIMPLE IRA Distributions: You may withdraw from your SIMPLE IRA at any time. However, any distributions will be includible in your gross income and may also be subject to a 25% additional income tax or a 10% additional income tax depending upon how long you have participated in the SIMPLE Plan. For more information refer to the SIMPLE IRA disclosure statement which was provided to you when you established your SIMPLE IRA.

Rollover or Transfer to Another IRA: You may not roll over or transfer from your SIMPLE IRA any SIMPLE contributions (or income on these contributions) made during the plan year to another IRA (other than a SIMPLE IRA) until the 2 years following the date you first participated in the SIMPLE plan. You may, however, remove excess elective deferrals and income allocable to such excess amounts from your SIMPLE IRA before this time, but you may not roll over or transfer these amounts to another IRA.

If the Adoption Agreement indicates that all initial SIMPLE contributions will be made to a Designated Financial Institution, you may be able to transfer your SIMPLE IRA without cost or penalty to another SIMPLE IRA (if within the 2 year period) or thereafter to any other IRA. The DFI may impose a deadline for electing no cost or penalty free transfers and if the employee so elects, may also limit your choice of investments.

After the restriction described above no longer applies, you may withdraw, or receive, funds from your SIMPLE IRA, and no more than 60 days later, place such funds in another IRA or SIMPLE IRA. This is called a "rollover" and may not be done more frequently than at 12-month intervals. However, there are no restrictions on the number of times that you may make "transfers" if you arrange to have such funds transferred between the trustees so that you never have possession of the funds. You may not, however, roll over or transfer excess elective deferrals and income allocable to such excess amounts from your SIMPLE IRA to another IRA. These excess amounts generally may be reduced only by a distribution to you.

Conversions to a Roth IRA: After the 2-year restriction described above no longer applies, you may convert your SIMPLE IRA to a Roth IRA. Such conversion is taxable to you but is not subject to the 10% additional income tax if you are under age 59 ½.

Cost of Living Adjustments/or COLAS: COLAs are announced by the IRS during the last calendar quarter of a calendar year relating to the following calendar year.

TO ESTABLISH A HILLTOP SECURITIES INC. INDIVIDUAL RETIREMENT ACCOUNT (SIMPLE IRA) BY EMPLOYEES

- Complete and sign all portions of the SIMPLE IRA Account Application. When completing the beneficiary information please make sure to include social security numbers.
- Submit the completed SIMPLE IRA Account Application to your Account Executive.
- Submit a copy of the Salary Deferral Agreement and Roth Employer Contribution Election Form from your Employer, if applicable. Complete, sign and return a copy to your Employer.
- If your Employer's SIMPLE Plan is not established at Hilltop Securities, please have your Employer complete the Summary Description document and Checklist in this package.
- If you are transferring an existing SIMPLE IRA to Hilltop Securities Inc. (Hilltop Securities), complete and sign an Account Transfer Form. When submitting the form to your Account Executive, include a copy of the most recent account statement.
- If you are rolling funds from another SIMPLE, complete and sign a Rollover Certification Form.
- Contact your Account Executive for any other forms that may be required to establish your SIMPLE IRA or with any other questions or concerns that you may have. Your Employer may also answer questions you may have regarding the SIMPLE IRA Plan.
- Unrelated Business Income Tax: If the Depositor directs investments of the account in any investment which results in unrelated business taxable income, it shall be the responsibility of the Depositor to so advise the Custodian and to provide the Custodian with all the information necessary to prepare and file any required returns or reports for the account. As the Custodian may deem necessary, and at the Depositor's expense, the Custodian may request a taxpayer identification number for the account, file any returns, reports, and applications for extension, and pay any taxes or estimated taxes owed with respect to the account. The Custodian may retain suitable accountants, attorneys, or other agents to assist it in performing such responsibilities.

THIS CUSTODIAL FEE INFORMATION MAY ONLY BE USED WITH HILLTOP SECURITIES IRA ACCOUNTS

CUSTODIAL FEES FOR INDIVIDUAL RETIREMENT ACCOUNTS

• Initial Set Up Acceptance Fee	No Charge
• Annual Maintenance Fee	See your Customer Information Brochure
• Spousal Annual Maintenance Fee	See your Customer Information Brochure
• Transfer Fee	See your Customer Information Brochure
• Termination Fee	\$50.00

*Hilltop Securities Inc. reserves the right to change fees upon notification to the account holder.

Revised (8/2024)

SIMPLE Individual Retirement Custodial Account

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

Article I

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

Article II

- 2.01 The participant's interest in the balance in the custodial account is nonforfeitable.

Article III

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

Article IV

- 4.01 Notwithstanding any provision of this agreement to the contrary, the distribution of the participant's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
- 4.02 The participant's entire interest in the custodial account must be, or begin to be, distributed not later than the participant's required beginning date, April 1 following the calendar year in which the participant reaches age 70 1/2. By that date, the participant may elect, in a manner acceptable to the custodian, to have the balance in the custodial account distributed in:
- A single sum or
 - Payments over a period not longer than the life of the participant or the joint lives of the participant and his or her designated beneficiary.
- 4.03 If the participant dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows.
- If the participant dies on or after the required beginning date and:
 - The designated beneficiary is the participant's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.
 - The designated beneficiary is not the participant's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the participant and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.
 - There is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the participant as determined in the year of the participant's death and reduced by 1 for each subsequent year.
 - If the participant 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.
 - 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 participant's death. If, however, the designated beneficiary is the participant's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the participant would have reached age 70 1/2. But, in such case, if the participant's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with 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.
 - The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the participant's death.
- 4.04 If the participant dies before his or her entire interest has been distributed and if the designated beneficiary is not the participant's surviving spouse, no additional contributions may be accepted in the account.
- 4.05 The minimum amount that must be distributed each year, beginning with the year containing the participant's required beginning date, is known as the "required minimum distribution" and is determined as follows.
- The required minimum distribution under paragraph 2(b) for any year, beginning with the year the participant reaches age 70 1/2, is the participant'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 participant's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the participant's account value at the close of business on December 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 participant's (or, if applicable, the participant and spouse's) attained age (or ages) in the year.
 - The required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the participant's death (or the year the participant would have reached age 70 1/2, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).
 - The required minimum distribution for the year the participant reaches age 70 1/2 can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.
- 4.06 The owner of two or more IRAs (other than Roth IRAs) may satisfy the minimum distribution requirements described above by taking from one IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

Article V

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

Article VI

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

Article VII

- 7.01 This agreement will be amended from time to time to comply with the provisions of the Code and related regulations. Other amendments may be made with the consent of the persons whose signatures appear on the SIMPLE IRA Account Application.

Article VIII

- 8.01 **Applicable Law:** This Custodial Agreement shall be governed by the laws of the state where the Trust resides. The term Participant or Depositor also includes the Participant's/Depositor's Beneficiary, where appropriate throughout this agreement.
- 8.02 **Annual Accounting:** The Custodian shall, at least annually, provide the Participant or Beneficiary (in the case of death) with an accounting of such Participant's account. Such accounting shall be deemed to be accepted by the Participant, if the Participant or Beneficiary does not object in writing within 60 days after the mailing of such accounting statement.
- 8.03 **Amendment:** The Participant irrevocably delegates to the Custodian the right and power to amend this Custodial Agreement. Except as hereafter provided, the Custodian will give the Participant 30 day's prior written notice of any amendment. In case of a retroactive amendment required by law, the Custodian will provide written notice to the Participant of the amendment within 30 days after the amendment is made, or if later, by the time that notice of the amendment is required to be given under regulations or other guidance provided by the IRS. The Participant shall be deemed to have consented to any such amendment unless the Participant notifies the Custodian to the contrary within 30 days after notice to the Participant and requests a distribution or transfer of the balance in the account.
- 8.04 **Resignation and Removal of Custodian:**
- (a) The Custodian may resign and appoint a successor trustee or custodian to serve under this agreement or under another governing agreement selected by the successor trustee or custodian by giving the Depositor written notice at least 30 days prior to the effective date of such resignation and appointment, which notice shall also include or be provided under separate cover a copy of such other governing instrument, if applicable, and the related disclosure statement. The Depositor shall then have 30 days from the date of such notice to either request a distribution of the entire account balance or designate a different successor trustee or custodian and notify the Custodian of such designation. If the Depositor does not request distribution of the account balance or notify the Custodian of the designation of a different successor trustee or custodian within such 30 day period, the Depositor shall be deemed to have consented to the appointment of the successor trustee or custodian and the terms of any new governing instrument, and neither the Depositor nor the successor shall be required to execute any written document to complete the transfer of the account to the successor trustee or custodian. The successor trustee or custodian may rely on any information, including beneficiary designations, previously provided by the Depositor to the Custodian.
 - (b) The Depositor may at any time remove the Custodian and replace the Custodian with a successor trustee or custodian of the Depositor's choice by giving 30 days notice of such removal and replacement. The Custodian shall then deliver the assets of the account as directed by the Depositor. However, the Custodian may retain a portion of the assets of the IRA as a reserve for payment of any anticipated remaining fees and expenses, and shall pay over any remainder of this reserve to the successor trustee or custodian upon satisfaction of such fees and expenses.
 - (c) The Custodian may resign and demand that the Depositor appoint a successor trustee or custodian of this IRA by giving the Depositor written notice at least 30 days prior to the effective date of such resignation. The Depositor shall then have 30 days from the date of such notice to designate a successor trustee or custodian, notify the Custodian of the name and address of the successor trustee or custodian, and provide the Custodian with appropriate evidence that such successor has accepted the appointment and is qualified to serve as trustee or custodian of an individual retirement account.
 - (1) If the Depositor designates a successor trustee or custodian and provides the Custodian evidence of the successor's acceptance of appointment and qualification within such 30-day period, the Custodian shall then deliver all of the assets held by the Custodian in the account (whether in cash or personal or real property, wherever located, and regardless of value) to the successor trustee or custodian.
 - (2) If the Depositor does not notify the Custodian of the appointment of a successor trustee or custodian within such 30 day period, then the Custodian may distribute all of the assets held by the Custodian in the account (whether in cash or personal or real property, wherever located, and regardless of value) to the Depositor, outright and free of custodial, and the Depositor shall be wholly responsible for the tax consequences of such distribution.In either case, the Custodian may expend any assets in the account to pay expenses of transfer (including re-registering the assets and preparation of deeds, assignments, and other instruments of transfer or conveyance) to the successor trustee or custodian or the Depositor, as the case may be. In addition, the Custodian may retain a portion of the assets as a reserve for payment of any anticipated remaining fees and expenses. Upon satisfaction of such fees and expenses, the Custodian shall pay over any remainder of the reserve to the successor trustee or custodian or to the Depositor, as the case may be.
- 8.05 **Custodian's Fees and Expenses:**
- (a) This Section 8.05 of the Custodial Agreement shall be governed by the requirements of Section 408(p)(7) and IRS Notice 97-6, Section J, and is further explained in the accompanying SIMPLE IRA Disclosure Statement.
 - (b) The Participant agrees to pay the Custodian any and all fees specified in the Custodian's current published fee schedule for establishing and maintaining this SIMPLE IRA, including any fees for distributions from, transfers from, and terminations of this SIMPLE IRA. The Custodian may change its fee schedule at any time by giving the Participant 30 day's prior written notice.
 - (c) The Participant agrees to pay any expenses incurred by the Custodian in the performance of its duties in connection with the account. Such expenses include, but are not limited to, administrative expenses, such as legal and accounting fees, and any taxes of any kind whatsoever that may be levied or assessed with respect to such account.
 - (d) All such fees, taxes, and other administrative expenses charged to the account shall be collected either from the assets in the account or from any contributions to or distributions from such account if not paid by the Participant, but the Participant shall be responsible for any deficiency.
 - (e) In the event that for any reason the Custodian is not certain as to who is entitled to receive all or part of the custodial account, the Custodian reserves the right to withhold any payment from the custodial account, to request a court ruling to determine the disposition of the custodial assets, and to charge the custodial account for any expenses incurred in obtaining such legal determination.
- 8.06 **Withdrawal Requests:** All requests for withdrawal shall be in writing on the form provided by the Custodian. Such written notice must also contain the reason for the withdrawal and the method of distribution being requested.
- 8.07 **Age 70 1/2 Default Provisions:** If the Depositor does not choose any of the distribution methods under Article IV of this Custodial Agreement by the April 1st following the calendar year in which the Depositor reaches age 70 1/2, distribution shall be determined based upon the distribution period in the uniform lifetime distribution period table in Regulation section 1.401(a)(9)-9. However, no payment will be made until the Depositor provides the Custodian with a proper distribution request acceptable to the Custodian. Upon receipt of such distribution request, the Depositor may switch to a joint life expectancy in determining the required minimum distribution if the Depositor's spouse was the sole beneficiary as of the January 1st of the year that contains the Depositor's required beginning date and such spouse is more than 10 years younger than the Depositor.
- 8.08 **Death Benefit Default Provisions:**
- (a) If the Depositor dies before his or her required beginning date and the beneficiary does not select a method of distribution described in Article IV, Section 4.03(b)(i) or (ii) by the December 31st following the year of the Depositor's death, then distributions will be made pursuant to the single life expectancy of the Designated Beneficiary determined in accordance with IRS regulations. However, no payment will be made until the beneficiary provides the Custodian with a proper distribution request acceptable to the Custodian and other documentation that may be required by the Custodian. A beneficiary may at any time request a complete distribution of his or her remaining interest in the Custodial Account. The Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the account.
 - (b) If the Depositor dies on or after his or her required beginning date, distribution shall be made in accordance with Article IV, Section 4.03(a). However, no payment will be made until the beneficiary provides the Custodian with a proper distribution request acceptable to the Custodian and other documentation that may be required by the Custodian. A beneficiary may at any time request a complete distribution of his or her remaining interest in the Custodial Account. The Custodian reserves the right to require a minimum balance in the account in order to make periodic payments from the account.

- 8.09 Transitional Rule for Determining Required Minimum Distributions for Calendar Year 2002:** Unless the Custodian provides otherwise, if a Depositor (or beneficiary) is subject to required minimum distributions for calendar year 2002, such individual may elect to apply the 1987 proposed regulations, the 2001 proposed regulations, or the 2002 final regulations in determining the amount of the 2002 required minimum. However, the Custodian, in its sole discretion, reserves the right to perform any required minimum distribution calculations through its data systems or otherwise based upon any of the three sets of regulations delineated in the previous sentence.
- 8.10 Investment Provisions:** Pursuant to IRS Notice 97-6, Q&A J-4, if the Custodian is the Designated Financial Institution (DFI) and the Participant timely elects that his or her balance be transferred without cost or penalty to another SIMPLE IRA in accordance with the provisions described in the accompanying SIMPLE IRA Disclosure Statement, the Custodian reserves the right to restrict the participant's choice of investment alternatives as determined by the Custodian.
- 8.11 Responsibilities:** Participant agrees that all information and instructions given to the Custodian by the Participant is complete and accurate and that the Custodian shall not be responsible for any incomplete or inaccurate information provided by the Participant or Participant's beneficiary(ies). Participant agrees to be responsible for all tax consequences arising from contributions to and distributions from this Custodial Account and acknowledges that no tax advice has been provided by the Custodian.
- 8.12 Designation of Beneficiary:**
- Except as may be otherwise required by State law, in the event of the Participant's death, the balance in the account shall be paid to the beneficiary or beneficiaries designated by the Participant on a beneficiary designation acceptable to and filed with the Custodian. The Participant may change the Participant's beneficiary or beneficiaries at any time by filing a new beneficiary designation with the Custodian. If no beneficiary designation is in effect, if none of the named beneficiaries survive the Participant, or if the Custodian cannot locate any of the named beneficiaries after reasonable search, any balance in the account will be payable to the Participant's estate.
 - If the Custodian permits, in the event of the Depositor's death, any beneficiary may name a subsequent beneficiary(ies) to receive the balance of the account to which such beneficiary is entitled upon the death of the original beneficiary by filing a Subsequent Beneficiary Designation Form acceptable to and filed with the Custodian. Payments to such subsequent beneficiary(ies) shall be distributed in accordance with the payment schedule applicable to the original beneficiary. In no event can any subsequent beneficiary be treated as a designated beneficiary of the Depositor. The preceding sentence shall not apply with respect to the subsequent beneficiary(ies) of an original spouse beneficiary where the Depositor dies before his or her required beginning date. If the balance of the account has not been completely distributed to the original beneficiary and such beneficiary has not named a subsequent beneficiary or no named subsequent beneficiary is living on the date of the original beneficiary's death, such balance shall be payable to the estate of the original beneficiary.

ARTICLE IX SELF-DIRECTED SIMPLE IRA PROVISIONS

- 9.01 Investment of Contributions:** At the direction of the Participant, the Custodian shall invest all contributions to the account and earnings thereon in investments acceptable to the Custodian, which may include marketable securities traded on a recognized exchange or "over the counter" (excluding any securities issued by the Custodian), covered call options, certificates of deposit, and other investments to which the Custodian consents, in such amounts as are specifically selected and specified by Participant in orders to the Custodian in such form as may be acceptable to the Custodian, without any duty to diversify and without regard to whether such property is authorized by the laws of any jurisdiction as a custodial investment. The Custodian shall be responsible for the execution of such orders and for maintaining adequate records thereof. However, if any such orders are not received as required, or, if received, are unclear in the opinion of the Custodian, all or a portion of the contribution may be held uninvested without liability for loss of income or appreciation, and without liability for interest pending receipt of such orders or clarification, or the contribution may be returned. The Custodian may, but need not, establish programs under which cash deposits in excess of a minimum set by it will be periodically and automatically invested in interest-bearing investment funds. The Custodian shall have no duty other than to follow the written investment directions of the Participant, and shall be under no duty to question said instructions and shall not be liable for any investment losses sustained by the Participant.
- 9.02 Registration:** All assets of the account shall be registered in the name of the Custodian or of a suitable nominee. The same nominee may be used with respect to assets of other investors whether or not held under agreements similar to this one or in any capacity whatsoever. However, each Participant's account shall be separate and distinct; a separate account therefor shall be maintained by the Custodian, and the assets thereof shall be held by the Custodian in individual or bulk segregation either in the Custodian's vaults or in depositories approved by the Securities and Exchange Commission under the Securities Exchange Act of 1934.
- 9.03 Investment Advisor:** The Participant may appoint an Investment Advisor, qualified under Section 3(38) of the Employee Retirement Income Security Act of 1974, to direct the investment of his SIMPLE IRA. The Participant shall notify the Custodian in writing of any such appointment by providing the Custodian a copy of the instruments appointing the Investment Advisor and evidencing the Investment Advisor's acceptance of such appointment, an acknowledgement by the Investment Advisor that it is a fiduciary of the account, and a certificate evidencing the Investment Advisor's current registration under the Investment Advisor's Act of 1940. The Custodian shall comply with any investment directions furnished to it by the Investment Advisor, unless and until it receives written notification from the Participant that the Investment Advisor's appointment has been terminated. The Custodian shall have no duty other than to follow the written investment directions of such Investment Advisor and shall be under no duty to question said instructions, and the Custodian shall not be liable for any investment losses sustained by the Participant.
- 9.04 No Investment Advice:** The Custodian does not assume any responsibility for rendering advice with respect to the investment and reinvestment of Participant's account and shall not be liable for any loss which results from Participant's exercise of control over his account. The Custodian and Participant may specifically agree in writing that the Custodian shall render such advice, but the Participant shall still have and exercise exclusive responsibility for control over the investment of the assets of his account, and the Custodian shall not have any duty to question his investment directives.
- 9.05 Prohibited Transactions:** Notwithstanding anything contained herein to the contrary, the Custodian shall not lend any part of the corpus or income of the account to; pay any compensation for personal services rendered to the account to; make any part of its services available on a preferential basis to; acquire for the account any property, other than cash, from; or sell any property to, any Participant, any member of a Participant's family, or a corporation controlled by any Participant through the ownership, directly or indirectly, of 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or of 50 percent or more of the total value of shares of all classes of stock of such corporation.
- 9.06 Unrelated Business Income Tax:** If the Participant directs investment of the account in any investment which results in unrelated business taxable income, it shall be the responsibility of the Participant to so advise the Custodian and to provide the Trustee with all information necessary to prepare and file any required returns or reports for the account. As the Custodian may deem necessary, and at the Participant's expense, the Custodian may request a taxpayer identification number for the account, file any returns, reports, and applications for extension, and pay any taxes or estimated taxes owed with respect to the account. The Custodian may retain suitable accountants, attorneys, or other agents to assist it in performing such responsibilities.
- 9.07 Disclosures and Voting:** The Custodian shall deliver, or cause to be executed and delivered, to Participant all notices, prospectuses, financial statements, proxies and proxy soliciting materials relating to assets credited to the account. The Custodian shall not vote any shares of stock or take any other action, pursuant to such documents, with respect to such assets except upon receipt by the Custodian of adequate written instructions from Participant.
- 9.08 Miscellaneous Expenses:** In addition to those expenses set out in section 8.05 of this custodial agreement, the Participant agrees to pay any and all expenses incurred by the Custodian in connection with the investment of the account, including expenses of preparation and filing any returns and reports with regard to unrelated business income, including taxes and estimated taxes, as well as any transfer taxes incurred in connection with the investment or reinvestment of the assets of the account.

9.09 Nonbank Custodian Provision: If the Custodian is a nonbank custodian, the Participant shall substitute another trustee or custodian in place of the Custodian upon receipt of notice from the Commissioner of the Internal Revenue Service or his delegate that such substitution is required because the Custodian has failed to comply with the requirements of Income Tax Regulations Section 1.408-2(e), or is not keeping such records, making such returns, or rendering such statements as are required by applicable law, regulations, or other rulings. The successor trustee or custodian shall be a bank, insured credit union, or other person satisfactory to the Secretary of the Treasury pursuant to Section 408(a)(2) of the Code. Upon receipt by the Custodian of written acceptance by its successor of such successor's appointment, Custodian shall transfer and pay over to such successor the assets of the account (less amounts retained pursuant to Section 8.04 of the Custodial Agreement) and all records (or copies thereof) of the Custodian pertaining thereto, provided that the successor trustee or custodian agrees not to dispose of any such records without the Custodian's consent.

FINANCIAL DISCLOSURE

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

Growth in the Value of Your SIMPLE IRA: Growth in the value of your SIMPLE IRA is neither guaranteed nor projected. The value of your SIMPLE IRA will be computed by totaling the fair market value of the assets credited to your account. At least once a year the Custodian will send you a written report stating the current value of your SIMPLE IRA assets. The Custodian shall disclose separately a description of:

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

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

General Instructions

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

Purpose of Form

Form 5305-SA is a model custodial account agreement that meets the requirements of sections 408(a) and 408(p). However, only Articles I through VII have been reviewed by the IRS. A SIMPLE individual retirement account (SIMPLE IRA) is established after the form is fully executed by both the individual (participant) and the Custodian. This account must be created in the United States for the exclusive benefit of the participant or his or her beneficiaries. Do not file Form 5305-SA with the IRS. Instead, keep it for record purposes.

For more information on SIMPLE IRAs, including the required disclosures the Custodian must give the participant, see Pub. 590-A, Contributions to Individual Retirement Arrangements (IRAs); Pub. 590-B, Distributions from Individual Retirement Arrangements (IRAs); and Pub 560, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans).

Definitions

Participant/Depositor - The participant/depositor is the person who establishes the custodial account.

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

Identifying Number - The Depositor's social security number will serve as the identifying number of his or her SIMPLE IRA. An employer identification number (EIN) is required only for an IRA for which a return is filed to report unrelated business taxable income. An EIN is required for a common fund created for IRAs.

Transfer SIMPLE IRA

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

Specific Instructions

Article IV.--Distributions made under this article may be made in a single sum, periodic payment, or a combination of both. The distribution option should be reviewed in the year the participant reaches age 70 1/2 to ensure that the requirements of section 408(a)(6) have been met.

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

SIMPLE IRA DISCLOSURE STATEMENT

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

GENERAL REQUIREMENTS OF A SIMPLE IRA:

1. All SIMPLE contributions must be made in cash, unless you are making a rollover contribution or transfer, and the Custodian accepts such non-cash assets.
2. Prior to December 19, 2015, the only types of contributions permitted to be made to this SIMPLE IRA are salary reduction contributions and employer contributions under the employer's SIMPLE Retirement Plan. Beginning December 19, 2015, if your Employer's Plan permits, your SIMPLE IRA will accept rollover contributions from a qualified plan, a qualified annuity, a 403(b) plan, a 457(b) plan or from a traditional IRA, but only after you have maintained the SIMPLE IRA for 2 years, measured from the first contribution made to your SIMPLE IRA.
3. The Custodian of your SIMPLE IRA must be a bank, savings and loan association, credit union or a person who is approved to act in such a capacity by the Secretary of the Treasury.
4. No portion of your SIMPLE IRA funds may be invested in life insurance contracts.
5. Your interest in your SIMPLE IRA must be fully vested and is nonforfeitable at all times.
6. The assets in your SIMPLE IRA may not be commingled with other property except in a common trust fund or common investment fund.
7. You may not invest the assets of your SIMPLE IRA in collectibles (as described in Section 408(m) of the Internal Revenue Code.) A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or any other tangible personal property specified by the IRS. However, if the Custodian permits, specially minted US Gold and Silver bullion coins and certain state-issued coins are permissible SIMPLE IRA investments.
8. Your interest in your SIMPLE IRA must begin to be distributed to you by the April 1st following the calendar year you attain the age of 70 1/2. The methods of distribution, election deadlines, and other limitations are described in detail below.
9. For purposes of the SIMPLE Plan rules, in the case of an individual who is not a self-employed individual, compensation means the amount described in section 6051(a)(3) which includes wages, tips and other compensation from the employer subject to income tax withholding under section 3401(a), and amounts described in section 6051(a)(8), including elective contributions made under a SIMPLE plan, and compensation deferred under a section 457 plan. In the case of a self-employed individual, compensation means net earnings from self-employment determined under section 1402(a), prior to subtracting any contributions made under the SIMPLE plan on behalf of the individual.
10. Contributions to a SIMPLE IRA are excludible from federal income tax and not subject to federal income tax withholding when made to the SIMPLE IRA. Salary reduction contributions are subject to FICA, FUTA or RRTA tax when made and must be reported on the employee's Form W-2 wage statement. Matching and nonelective employer contributions made to a SIMPLE IRA are not subject to FICA, FUTA or RRTA and are not required to be reported on Form W-2.
11. A SIMPLE IRA must be established by or on behalf of an employee prior to the first date by which a contribution is required to be deposited into the SIMPLE IRA.

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

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

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

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

SIMPLE PLAN CONTRIBUTIONS:

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

Applicable Annual Dollar Limitation

<u>Tax Year</u>	<u>Contribution Limit</u>	<u>Tax Year</u>	<u>Contribution Limit</u>
2001	\$ 6,500	2013 - 2014	\$12,000
2002	\$ 7,000	2015 - 2018	\$12,500
2003	\$ 8,000	2019	\$13,000
2004	\$ 9,000	2020-2021	\$13,500
2005 - 2006	\$10,000	2022	\$14,000
2007 - 2009	\$10,500	2023	\$15,500
2010 - 2012	\$11,500	2024	\$16,000

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

Catch-up Contributions - Beginning for 2002, if an individual has attained the age of 50 before the close of the taxable year for which an annual contribution is being made and meets the other eligibility requirements for making regular SIMPLE IRA contributions, the annual SIMPLE IRA deferral limit for that individual would be increased as follows:

<u>Tax Year</u>	<u>Normal Limit</u>	<u>Additional Catch-up</u>	<u>Total Contribution</u>
2002	7,000	500	7,500
2003	8,000	1,000	9,000
2004	9,000	1,500	10,500
2005	10,000	2,000	12,000
2006	10,000	2,500	12,500
2007	\$10,500	\$2,500	\$13,000
2008	\$10,500	\$2,500	\$13,000
2009 - 2012	\$11,500	\$2,500	\$14,000
2013 - 2014	\$12,000	\$2,500	\$14,500
2015 - 2018	\$12,500	\$3,000	\$15,500
2019	\$13,000	\$3,000	\$16,000
2020-2021	\$13,500	\$3,000	\$16,500
2022	\$14,000	\$3,000	\$17,000
2023	\$15,500	\$3,500	\$19,000
2024	\$16,000	\$3,500	\$19,500

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

Employer Contributions - 2 Options

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

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

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

2. **Nonelective Contributions:** Under a SIMPLE plan, an employer may make nonelective contributions in lieu of matching contributions. These nonelective contributions must be equal to 2% of each eligible employee's compensation for the entire calendar year, regardless of whether the employee elects to make salary reduction contributions for the calendar year. The employer may, but is not required to, limit nonelective contributions to eligible employees who have at least \$5,000 (or some lower amount selected by the employer) of compensation for the year. For purposes of this 2% nonelective contribution only, the compensation taken into account must be limited to the amount of compensation under section 401(a)(17) for the year. This compensation limit is subject to cost-of-living increases in increments of \$5000, rounded to the lower increment as follows:

\$220,000 for 2006	\$245,000 for 2011	\$270,000 for 2017	\$305,000 for 2022
\$225,000 for 2007	\$250,000 for 2012	\$275,000 for 2018	\$330,000 for 2023
\$230,000 for 2008	\$255,000 for 2013	\$280,000 for 2019	\$345,000 for 2024
\$245,000 for 2009	\$260,000 for 2014	\$285,000 for 2020	
\$245,000 for 2010	\$265,000 for 2015-2016	\$290,000 for 2021	

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

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

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

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

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

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

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

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

ROLLOVERS:

Rollover Contributions from Another SIMPLE IRA - A rollover contribution to this SIMPLE IRA is only permitted from another SIMPLE IRA. A rollover contribution from another SIMPLE IRA is any amount the participant receives from one SIMPLE IRA and redeposits some or all of it into this SIMPLE IRA. The participant is not required to roll over the entire amount received from the first SIMPLE IRA. However, any amount you do not roll over will be taxed at ordinary income tax rates for federal income tax purposes and may also be subject to an additional tax if the distribution is a premature distribution described below.

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

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

Special Rules that Apply to Rollovers -

- The rollover must be completed no later than the 60th day after the day the distribution was received by you.
- Beginning in 2015, you can make only one rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs you own. The limit will apply by aggregating all of an individual's IRAs, including SEP and SIMPLE IRAs as well as traditional and Roth IRAs, effectively treating them as one IRA for purposes of the limit. (See IRS Publication 590-A for more information).
- The same property you receive in a distribution must be the same property you roll over into the second IRA. For example, if you receive a distribution from an IRA of property, such as stocks, that same stock must be rolled over into the second IRA.
- You are required to make an irrevocable election indicating that this transaction will be treated as a rollover contribution.
- You are not required to receive a complete distribution from your IRA in order to make a rollover contribution into another IRA, nor are you required to roll over the entire amount you received from the first IRA.
- If you inherit an IRA due to the death of the participant, you may not roll this IRA into your own IRA unless you are the spouse of the decedent.
- If you are age 70 1/2 or older and wish to roll over to another IRA, you must first satisfy the minimum distribution requirement for that year and then the rollover of the remaining amount may be made.

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

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

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

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

EXCESS DEFERRALS: Excess elective deferrals (amounts in excess of the "applicable") SIMPLE elective deferral limit for the year) are includible in your gross income in the calendar year of deferral. Income on the excess elective deferrals is includible in your income in the year of withdrawal from the SIMPLE IRA. You should withdraw excess elective deferrals and any allocable income, from your SIMPLE-IRA by April 15 following the year to which the deferrals relate. These amounts may not be transferred or rolled over tax-free to another SIMPLE-IRA. If you fail to withdraw excess elective deferrals, and any allocable income, by the following April 15th, the excess elective deferrals will be subject to the IRA contribution limitations of sections 219 and 408 of the Code and thus may be considered an excess contribution to your IRA. Such excess deferrals may be subject to a 6% excise tax for each year they remain in your SIMPLE-IRA. Income on excess elective deferrals is includible in your gross income in the year you withdraw it from your IRA and must be withdrawn by April 15 following the calendar year to which the deferrals relate. Income withdrawn from the IRA after that date may be subject to a 10% tax (or 25% if withdrawn within the first 2 years of participation) on early distributions. The rules for determining and allocating income attributable to excess elective deferrals and other excess SIMPLE contributions are the same as those governing regular IRA excess contributions. The trustee or custodian of your SIMPLE-IRA will inform you of the income allocable to such excess amounts.

DISTRIBUTIONS: In general, all distributions from a SIMPLE IRA are subject to federal income tax by the payee or distribute, whichever the case may be. When you start withdrawing from your SIMPLE IRA, you may take the distributions in regular payments, random withdrawals or in a single sum payment. Generally, all amounts distributed to you from your SIMPLE IRA are included in your gross income in the taxable year in which they are received. However, if you have made nondeductible contributions to any regular IRA as permitted under section 408(o) of the Code, the nontaxable portion of the distribution, if any, will be a percentage based upon the ratio of your unrecovered nondeductible contributions to the aggregate of all IRA balances, including SEP, SIMPLE and rollover contributions, as of the end of the year in which you take the distribution, plus distributions from the account during the year. All taxable distributions from your SIMPLE IRA are taxed at ordinary income tax rates for federal income tax purposes and are not eligible for either capital gains treatment or 5/10 year averaging. An employer may not require an employee to retain any portion of the contribution in the SIMPLE IRA or otherwise impose any withdrawal restrictions.

Premature Distributions - In general, if you are under age 59 1/2 and receive a distribution from your SIMPLE IRA account, a 10% additional income tax will apply to the taxable portion of the distribution, unless the distribution is received due to death; disability; a series of substantially equal periodic payments at least annually over your life expectancy or the joint life expectancy of you and your designated beneficiary; medical expenses that exceed 7.5% (applies to 2017 and 2018) of your adjusted gross income; health insurance premiums paid by certain unemployed individuals; qualified acquisition costs of a first time home buyer; qualified higher education expenses; a qualifying rollover distribution; the timely withdrawal of an excess deferral plus income attributable; or due to an IRS Levy; qualified disaster distributions as defined in IRS Publication 976; or qualified reservist distributions. If you request a distribution in the form of a series of substantially equal payments and you modify the payments before 5 years have elapsed and before attaining age 59 1/2, the 10% additional income tax will apply retroactively to the year payments began through the year of such modification. In addition, if you request a distribution from your SIMPLE-IRA within your first 2 years of participation in the SIMPLE plan and none of the exceptions listed above applies to the distribution, the normal 10% additional income tax referred to earlier is increased to 25%.

Age 70 1/2 Required Minimum Distributions - You are required to begin receiving minimum distributions from your SIMPLE IRA by your required beginning date (the April 1 of the year following the year you attain age 70 1/2). The year you attain age 70 1/2 is referred to as your "first distribution calendar year". Your minimum distribution for each year beginning with the calendar year you attain the age of 70 1/2 is generally based upon the value of your account at the end of the prior year divided by the factor for your age derived from the Uniform Lifetime Distribution Period Table regardless of who or what entity is your named beneficiary. This uniform table assumes you have a designated beneficiary exactly 10 years younger than you. However, if your spouse is your sole beneficiary and is more than 10 years younger than you, your required minimum distribution for each year is based upon the joint life expectancies of you and your spouse. The account balance that is used to determine each year's required minimum amount is the fair market value of each IRA you own as of the prior December 31st, adjusted for outstanding rollovers (or transfers) as of such prior December 31st.

However, no payment will be made from this SIMPLE IRA until you provide the Custodian with a proper distribution request acceptable by the Custodian. Upon receipt of such distribution request, you may switch to a joint life expectancy in determining the required minimum distribution if your spouse was your sole beneficiary as of the January 1st of the calendar year that contains your required beginning date and such spouse is more than 10 years younger than you. The required minimum distribution for the second distribution calendar year and for each subsequent distribution calendar year must be made by December 31 of each such year.

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

Qualified Charitable Distributions (QCDs) - If an IRA owner is exactly age 70½ or over, the IRA owner may direct the IRA trustee or custodian to transfer up to \$100,000 per year from the IRA to a qualified charity. Such transfer will not be subject to Federal income taxes. Qualified Charitable Distributions may also be made by a beneficiary who is exactly age 70½ or over. Qualified Charitable Distributions are not subject to Federal income tax withholding. On-going (those that are still receiving contributions) SEP IRAs or SIMPLE IRAs are not permitted to be distribute QCDs.

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

Death Distributions - If you die before your required beginning date and you have a designated beneficiary, the balance in your SIMPLE IRA will be distributed to your beneficiary over the beneficiary's single life expectancy. These distributions must commence no later than December 31st of the calendar year following the calendar year of your death. However, if your spouse is your sole beneficiary, these distributions are not required to commence until the December 31st of the calendar year you would have attained the age of 70 1/2, if that date is later than the required commencement date in the previous sentence. If you die before your required beginning date and you do not have a designated beneficiary, the balance in your SIMPLE IRA must be distributed no later than the December 31st of the calendar year that contains the fifth anniversary of your death.

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

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

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

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

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

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

For more information on withholding on pensions and annuities, see "Pensions and Annuities" in Chapter 1 of *Publication 505, Tax Withholding and Estimated Tax*. For more information on withholding on nonresident aliens and foreign entities, see *Publication 515, Withholding of tax on Nonresident Aliens and Foreign Entities*.

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

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

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

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

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

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

In order to timely elect a transfer without cost or penalty, the participant must indicate such election on the SIMPLE IRA Adoption Agreement attached hereto and must be received by the DFI no later than the expiration of the 60-day election period applicable to the employee. If the participant fails to timely elect such transfers without cost or penalty, the DFI reserves the right to charge any or all fees and expenses described in Section 8.05 of this SIMPLE IRA plan agreement.

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

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

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

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

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

PENALTIES: If you are under age 59 1/2 and receive a premature distribution from your SIMPLE IRA, an additional 10% (or 25% for certain SIMPLE IRA distributions) income tax will apply on the taxable amount of the distribution. If you make an excess deferral to your SIMPLE IRA and it is not corrected on a timely basis, an excise tax of 6% is imposed on the excess amount. This tax will apply each year to any part or all of the excess which remains in your account. If you are age 70 1/2 or over or if you should die, and the appropriate required minimum distributions are not made from your SIMPLE IRA, an additional tax of 50% is imposed upon the difference between what should have been distributed and what was actually distributed.

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

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

SECURE 2.0 AMENDMENTS: Refer to the next page that outlines the changes that affect SIMPLE-IRAs. Ask your Employer for a completed copy of this Checklist for the provisions that apply to your Plan.

TO ESTABLISH A HILLTOP SECURITIES INC. INDIVIDUAL RETIREMENT ACCOUNT (SIMPLE IRA) BY EMPLOYERS

- Complete and sign the SECURE 2.0 Election form to indicate which new provisions will be added to your SIMPLE IRA Plan.
- Complete and sign all portions of the SIMPLE IRA Adoption Agreement to establish the SIMPLE Plan, including the items from the Election Form above.
- Complete the Employee Account Application in the Employee's Package in order to establish the account that will accept contributions. This is also where you will designate beneficiary(ies). When completing the beneficiary information please make sure to include social security numbers.
- For all other information regarding your SIMPLE IRA account refer to the SIMPLE IRA Account Package for Employees.
- Submit the completed SIMPLE IRA Adoption Agreement to your Account Executive.
- If you wish to have your SIMPLE IRA Plan accept rollovers from other retirement plans, you must sign a new 5304-SIMPLE Form and provide that to your Account Executive.
- Enclose a check made payable to Hilltop Securities Inc. for the initial SIMPLE IRA contribution, if applicable. Make sure all checks include the tax year information for the contribution and the account number. Also include a list of all employees and the amount and type of contribution attributable to each employee. Also provide your Account Executive with copies of the Salary Reduction and Roth Employer Contribution Election Forms from your Employees.
- Contact your Account Executive for any other forms that may be required to establish your SIMPLE IRA Plan or with any other questions or concerns that you may have.
- Unrelated Business Income Tax: If the Depositor directs investments of the account in any investment which results in unrelated business taxable income, it shall be the responsibility of the Depositor to so advise the Custodian and to provide the Custodian with all the information necessary to prepare and file any required returns or reports for the account. As the Custodian may deem necessary, and at the Depositor's expense, the Custodian may request a taxpayer identification number for the account, file any returns, reports, and applications for extension, and pay any taxes or estimated taxes owed with respect to the account. The Custodian may retain suitable accountants, attorneys, or other agents to assist it in performing such responsibilities.

THIS CUSTODIAL FEE INFORMATION MAY ONLY BE USED WITH HILLTOP SECURITIES IRA ACCOUNTS

CUSTODIAL FEES FOR INDIVIDUAL RETIREMENT ACCOUNTS

- | | |
|----------------------------------|--|
| • Initial Set Up Acceptance Fee | No Charge |
| • Annual Maintenance Fee | See your Customer Information Brochure |
| • Spousal Annual Maintenance Fee | See your Customer Information Brochure |
| • Transfer Fee | See your Customer Information Brochure |
| • Termination Fee | \$50.00 |

**Hilltop Securities Inc. reserves the right to change fees upon notification to the account holder.*

Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) Not for Use With a Designated Financial Institution

The Employer establishes the following SIMPLE IRA plan under section 408(p) of the Internal Revenue Code and pursuant to the instructions contained in this form.

Article I—Employee Eligibility Requirements

- 1.01 **General Eligibility Requirements.** The Employer agrees to permit salary reduction contributions to be made in each calendar year to the SIMPLE IRA established by each employee who meets the requirements selected in the Adoption Agreement.
- 1.02 **Excludable Employees.** If elected in the Adoption Agreement, the Employer shall exclude employees covered under a collective bargaining agreement for which retirement benefits were the subject of good faith bargaining. If the Employer maintains a qualified plan covering only such employees, the Employer is deemed to select this provision.

Article II—Salary Reduction Agreements

- 2.01 **Salary Reduction Election.** An eligible employee may make an election to have his or her compensation for each pay period reduced. The total amount of the reduction in the employee's compensation for a calendar year cannot exceed the applicable amount for that year.
- 2.02 **Timing of Salary Reduction Elections.**
- (a) For a calendar year, an eligible employee may make or modify a salary reduction election during the 60-day period immediately preceding January 1 of that year. However, for the year in which the employee becomes eligible to make salary reduction contributions, the period during which the employee may make or modify the election is a 60-day period that includes either the date the employee becomes eligible or the day before.
 - (b) No salary reduction election may apply to compensation that an employee received, or had a right to immediately receive, before execution of the salary reduction election.
 - (c) An employee may terminate a salary reduction election at any time during the calendar year.

Article III—Contributions

- 3.01 **Salary Reduction Contributions.** The amount by which the employee agrees to reduce his or her compensation will be contributed by the Employer to the employee's SIMPLE IRA.
- 3.02 (a) **Matching Contributions.**
- (i) For each calendar year, the Employer will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year.
 - (ii) The Employer may reduce the 3% limit for the calendar year in (i) only if:
 - (A) The limit is not reduced below 1%;
 - (B) The limit is not reduced for more than 2 calendar years during the 5-year period ending with the calendar year the reduction is effective; and
 - (C) Each employee is notified of the reduced limit within a reasonable period of time before the employees' 60-day election period for the calendar year (described in Article II, section 2.02(a)).
- (b) **Nonelective Contributions**
- (i) For any calendar year, instead of making matching contributions, the Employer may make nonelective contributions equal to 2% of compensation for the calendar year to the SIMPLE IRA of each eligible employee who has at least the amount of compensation indicated in the Adoption Agreement, but not more than \$5,000, in compensation for the calendar year. No more than \$250,000 in compensation can be taken into account in determining the nonelective contribution for each eligible employee.
 - (ii) For any calendar year, the Employer may make 2% nonelective contributions instead of matching contributions only if:
 - (A) Each eligible employee is notified that a 2% nonelective contribution will be made instead of a matching contribution; and
 - (B) This notification is provided within a reasonable period of time before the employees' 60-day election period for the calendar year (described in Article II, section 2.02(a)).
- 3.03 **Time and Manner of Contributions.**
- (a) The Employer will make the salary reduction contributions (described in section 2.02(a) above) for each eligible employee to the SIMPLE IRA established at the financial institution selected by that employee no later than 30 days after the end of the month in which the money is withheld from the employee's pay. See SIMPLE IRA Plan Disclosure.
 - (b) The Employer will make the matching or nonelective contributions (described in sections 3.02(a) and 3.02(b) above) for each eligible employee to the SIMPLE IRA established at the financial institution selected by that employee no later than the due date for filing the Employer's tax return, including extensions, for the taxable year that includes the last day of the calendar year for which the contributions are made.

This is the amount for 2012. For 2013 this amount was increased to \$255,000; for 2014 this amount was \$260,000; for 2015 and 2016 this amount was \$265,000; for 2017 this amount was \$270,000; for 2018 this amount was \$275,000 and for 2019 the amount is \$280,000. For later years, the limit may be increased for cost-of-living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS's internet website at www.irs.gov.

Article IV—Other Requirements and Provisions

- 4.01 **Contributions in General.** Prior to December 19, 2015, the Employer will make no contributions to the SIMPLE IRAs other than salary reduction contributions (described in Article III, section 3.01) and matching or nonelective contributions (described in Article III, sections 3.02(a) and 3.02(b)). Effective December 19, 2015, this SIMPLE Plan will accept rollover contributions as described in section 408(p)(1)(B) of the Code including any subsequent guidance provided by the IRS.
- 4.02 **Vesting Requirements.** All contributions made under this SIMPLE IRA plan are fully vested and nonforfeitable.
- 4.03 **No Withdrawal Restrictions.** The Employer may not require the employee to retain any portion of the contributions in his or her SIMPLE IRA or otherwise impose any withdrawal restrictions.
- 4.04 **Selection of IRA Trustee.** The employer must permit each eligible employee to select the financial institution that will serve as the trustee, custodian, or issuer of the SIMPLE IRA to which the employer will make all contributions on behalf of that employee.
- 4.05 **Amendments to This SIMPLE IRA Plan.** This SIMPLE IRA plan may not be amended except to modify the entries inserted in the blanks or boxes provided in the Adoption Agreement.
- 4.06 **Effects of Withdrawals and Rollovers.**
- (a) An amount withdrawn from the SIMPLE IRA is generally includible in gross income. However, a SIMPLE IRA balance may be rolled over or transferred on a tax-free basis to another IRA designed solely to hold funds under a SIMPLE IRA plan. In addition, an individual may roll over or transfer his or her SIMPLE IRA balance to any IRA after a 2-year period has expired since the individual first participated in any SIMPLE IRA plan of the Employer. Any rollover or transfer must comply with the requirements under section 408.
 - (b) If an individual withdraws an amount from a SIMPLE IRA during the 2-year period beginning when the individual first participated in any SIMPLE IRA plan of the Employer and the amount is subject to the additional tax on early distributions under section 72(t), this additional tax is increased from 10% to 25%.

Article V—Definitions

- 5.01 **Compensation.**
- (a) **General Definition of Compensation.** Compensation means the sum of the wages, tips, and other compensation from the Employer subject to federal income tax withholding (as described in section 6051(a)(3)) the amounts paid for domestic service in a private home, local college club, or local chapter of a college fraternity or sorority, and the employee's salary reduction contributions made under this Plan, and, if applicable, elective deferrals under a section 401(k) plan, a SARSEP, or a section 403(b) annuity contract and compensation deferred under a section 457 plan required to be reported by the Employer on Form W-2 (as described in section 6051(a)(8)).
 - (b) **Compensation for Self-Employed Individuals.** For self-employed individuals, compensation means the net earnings from self-employment determined under section 1402(a), without regard to section 1402(c)(6), prior to subtracting any contributions made pursuant to this plan on behalf of the individual.
- 5.02 **Employee.** Employee means a common-law employee of the Employer. The term employee also includes a self-employed individual and a leased employee described in section 414(n) but does not include a nonresident alien who received no earned income from the Employer that constitutes income from sources within the United States.
- 5.03 **Eligible Employee.** An eligible employee means an employee who satisfies the conditions in the Adoption Agreement and is not excluded under section 1.02.
- 5.04 **SIMPLE IRA.** A SIMPLE IRA is an individual retirement account described in section 408(a), or an individual retirement annuity described in section 408(b), to which the only contributions that can be made are contributions under a SIMPLE IRA plan and rollovers or transfers from another SIMPLE IRA. Effective December 19, 2015, this SIMPLE Plan will accept rollover contributions as described in section 408(p)(1)(B) of the Code including any subsequent guidance provided by the IRS.

Article VI—Procedures for Withdrawal

- 6.01 The Employer will provide each Employee with the procedures for withdrawals of contributions received by the financial institution selected by that Employee, and that financial institution's name and address by attaching that information to this Plan unless: **(1)** that financial institution's procedures are unavailable, or **(2)** that financial institution provides the procedures directly to the employee.

General Instructions

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

Purpose of Form

Form 5304-SIMPLE is a model Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) plan document that an employer may use to establish a SIMPLE IRA plan described in section 408(p), under which each eligible employee is permitted to select the financial institution for his or her SIMPLE IRA.

These instructions are designed to assist in the establishment and administration of the SIMPLE IRA plan. They are **not** intended to supersede any provision in the SIMPLE IRA plan.

Do not file Form 5304-SIMPLE with the IRS. Instead, keep it with your records.

For more information, see **Pub. 560**, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans), and **Pub. 590-A** (Contributions to Individual Retirement Arrangements), and **Pub. 590-B** (Distributions from Individual Retirement Arrangements).