

## SIMPLE Individual Retirement Account Disclosure Statement

This Disclosure Statement contains important information about a savings incentive match plan for employees of small employers' Individual Retirement Accounts ("SIMPLE IRA") under Sections 408(a) and 408(p) of the Internal Revenue Code ("Code") and applicable Federal Income Tax Regulations ("Regulations"). You should read this Disclosure Statement, as well as the Custodial Agreement, to make certain that you fully understand the rules and tax consequences applicable to SIMPLE IRAs.

The Custodian of your IRA is Edward Jones Trust Company ("EJTC"), a federally chartered savings and loan association wholly owned by The Jones Financial Companies, L.L.P. EJTC is an affiliate of Edward D. Jones & Co., L.P., a dually registered broker-dealer and investment adviser ("Edward Jones"). EJTC may delegate some or all of its custodial and other duties to Edward Jones.

EJTC, as the Custodian of your IRA, is not responsible for providing investment advice relating to your IRA. You have entered into a separate services agreement with Edward Jones to provide investment advice and/or brokerage services for your IRA.

The provisions of this Disclosure Statement are subject to change. EJTC and its affiliates or agents do not provide tax or legal advice. You should seek tax or legal advice for any and all matters regarding your SIMPLE IRA, with regard to your specific situation, as such matters may result in adverse tax consequences and/or penalties.

### A. Your Right to Revoke Your SIMPLE IRA.

If EJTC does not provide you with the Custodial Agreement and the Disclosure Statement at least seven (7) days prior to the earlier of (1) the establishment of the account (by you signing the applicable EJTC Individual Retirement Account Authorization Form) or (2) purchase of the account (through any deposit, contribution, transfer, rollover, payment of fee or any other account activity), then you may revoke the account by providing a written notice to EJTC. Your notice to revoke must be in writing and mailed by you not more than seven (7) days after the earlier of the establishment of the account or purchase of the account to:

Edward Jones Trust Company  
12555 Manchester Road  
St. Louis, MO 63131  
Telephone: 800-441-2357

EJTC shall not be obligated to make any investments during the period you have the right to revoke. If you mail the notice of revocation, it will be treated as received as of the postmark date if it is properly addressed and deposited either in the United States mail, first class postage prepaid, or with an IRS-approved overnight service.

If any material adverse change is made in this Disclosure Statement or to the Custodial Agreement within the seven (7) day period described above, EJTC will notify you and your right to revoke the account will be extended until seven (7) days after the date you receive the notice.

If you revoke the account as described above, EJTC will return to you the entire amount of your contribution without adjustment for such items as sales commissions or administrative expenses. Consideration paid by you in the form of cash will be returned to you in the same value of cash. Consideration paid by you in the form of securities or other assets will be returned to you in the same form and number of units as you contributed (after taking into account any change due to stock splits, corporate mergers, or other activity which may impact the share amount) regardless of value, less any amount withdrawn. EJTC will report the contribution and distribution to the IRS.

### B. Requirements for SIMPLE IRAs.

SIMPLE IRAs are subject to the following requirements under the Code and Regulations:

1. **Contributions.** The only contributions which may be made to your SIMPLE IRA are employee elective deferrals and Employer contributions which are described in your Employer's SIMPLE IRA Plan.
  - (a) *Contribution Limits.* The amount you may contribute to a SIMPLE IRA cannot exceed the lesser of 100% of your compensation or that year's limit on elective deferral contributions. If you are age 50 at any time during the year, you also may make an additional catch-up elective deferral contribution to a SIMPLE IRA. Employees who defer salary into other employer retirement plans (such as 401(k), 403(b), 457, etc.) during the same calendar year are subject to a maximum deferral limit. Your Employer may only make matching or nonelective contributions to your SIMPLE IRA as allowed by Code Section 408(p) and the terms of your Employer's SIMPLE IRA Plan. See Appendix A, Salary Deferral Contribution Limits for SIMPLE IRAs.
  - (b) *Compensation.* Compensation generally includes wages, salaries, professional fees, commissions, bonuses, tips, earned income from self-employment and other amounts received for personal services, and certain nontaxable combat pay. Compensation also generally includes amounts received under a divorce decree or separation agreement, such as alimony or separate maintenance payments. Compensation does not include earnings and profits from property, such as interest, dividends, capital gains and rents, or pensions, annuities or deferred compensation or any amount excluded from gross income.
  - (c) *Deadline.* Generally, any elective deferral amount must be contributed to your SIMPLE IRA by your Employer no later than 30 days after the end of the month in which the elective deferral amount is withheld from your salary, and any Employer contributions to your SIMPLE IRA must be made 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. Please consult your Employer's SIMPLE IRA Plan and IRS Publication 560 for more information.
  - (d) *Cash Contributions.* Contributions to a SIMPLE IRA must be made in cash by check, money order or electronic funds transfer, except in the case of a rollover contribution.
2. **Custodian.** The custodian of any IRA must be a bank, savings and loan association, insured credit union or another entity approved by the Secretary of the Treasury. The custodian of this IRA is EJTC.
3. **Life Insurance.** No portion of any IRA may be invested in life insurance contracts.
4. **Nonforfeitable.** Your interest in your IRA is nonforfeitable.
5. **Commingling Assets.** The assets of any IRA may not be commingled with other property except in a common trust fund or common investment fund.
6. **Collectibles.** You may not invest the assets of any IRA in collectibles within the meaning of Code Section 408(m). 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. Coins issued by states and certain U.S. gold, silver and platinum coins are permissible investments in an IRA. Gold, silver, platinum and palladium bullion of a specified fineness (as described in Code Section 408(m)(3)) also are permissible investments. Failure to satisfy

this requirement would result in an amount equal to the cost of the collectible being treated as a distribution from your IRA.

7. **Distributions – In General.** Distributions from the IRA will be made in cash or in kind upon your request in a form and manner, including verbal instruction, acceptable to the Custodian. However, the Custodian may make a distribution from the IRA without instruction if directed to do so by a levy or court order, or if the Custodian resigns.

(a) *Required Minimum Distributions (“RMD”).* You are required to take minimum distributions from your SIMPLE IRA beginning as of a certain date and at certain times in accordance with Treasury Regulations. You may calculate your RMD amount or, for certain account types, you may request, in such manner as the Custodian may require, that the Custodian calculate the RMD amount. You (and, after your death, your beneficiary) are responsible for ensuring that RMDs are made timely and are in amounts which satisfy IRS requirements under Code Sections 408(a)(6) and 401(a)(9) and the related Treasury Regulations. The Custodian will not make any distributions from your SIMPLE IRA (including RMDs) unless requested to do so, in such manner as it may require, by you (or your beneficiary after your death). A summary of the SIMPLE IRA RMD rules can be found in Article IV of the SIMPLE IRA Custodial Agreement.

## C. Income Tax Consequences of SIMPLE IRAs.

- 1. Income Tax Consequences – Elective Deferrals and Employer Contributions.** Contributions made by your Employer to your SIMPLE IRA and elective deferrals made to your SIMPLE IRA are generally not subject to income tax. The amount of your elective deferral and Employer contribution to your SIMPLE IRA is based on the terms of your Employer’s SIMPLE IRA Plan.
- 2. Tax Credit.** You may be eligible for a nonrefundable tax credit of up to \$1,000 for your SIMPLE IRA contributions. To receive this credit, you must be at least age 18, and you must not be either a dependent of another taxpayer or a full-time student. The credit is based upon your adjusted gross income (including foreign earned income and income from American Samoa and Puerto Rico), and will range from 0% to 50% of your IRA contributions (reduced by certain distributions from your traditional, SIMPLE, and Roth IRAs or from certain Employer-sponsored Retirement Plans) that do not exceed \$2,000. (See Appendix A, Saver’s Tax Credit, for applicable limits.)
- 3. Tax-deferred Earnings.** The investment earnings of your SIMPLE IRA are generally not subject to federal income taxation until distributions are made (or, in certain instances, when distributions are deemed to be made). However, if your SIMPLE IRA investment generated unrelated business taxable income, it may be required to file Form 990-T with the IRS and pay federal and possibly state and local tax on such income.
- 4. Taxation of Distributions.** Any distribution from your SIMPLE IRA will generally be fully included in income.
- 5. Withholding.** The distributions you receive from your SIMPLE IRA are subject to federal income tax withholding unless you elect not to have withholding apply. Withholding will apply to the entire distribution unless you elect otherwise. You may elect not to have withholding apply (or elect that a specific percentage of withholding apply) to your distribution payments by signing and dating the appropriate form and returning it to the Custodian. Your election will remain in effect until you change or revoke it by returning another signed and dated form. If you do not return the form by the date your distributions are scheduled to begin, federal income tax will be withheld. If you elect not to have withholding apply to your distributions, or if you do not have enough federal income tax withheld from your distribution(s), you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

The election to be exempt from income tax withholding does not apply to any periodic payment or nonperiodic distribution that is delivered outside the U.S. or its possessions to a U.S. citizen or resident alien. For more information, please see Publication 505, Tax Withholding and Estimated Tax, available at [www.irs.gov](http://www.irs.gov).

State withholding, if applicable, will be subject to the state’s withholding requirements.

## D. Special Rules Applicable to Rollover Contributions and Transfers.

- 1. Transfers.** A transfer is a movement of assets between like retirement plans. A direct transfer of funds in your SIMPLE IRA from one trustee/custodian to another trustee/custodian is not a rollover. Because there is no distribution to you, the transfer is tax free. You may make unlimited transfers between IRAs within the same 12-month period.
- 2. Rollovers.** Rollover is a term used to describe the federal income tax-free movement of cash or other property to your IRA from any of your other IRAs or from your Employer Retirement Plan. Your IRA balance may be rolled over to another IRA of yours, or your IRA may receive rollover contributions from other IRAs or from your Employer Retirement Plan (including qualified plans, tax-sheltered annuities or Section 457(b) governmental plans), provided that the rollover satisfies all of the applicable rollover rules.

Rollover transactions often are complex. If you have any questions about whether you are eligible to make a rollover contribution to your IRA, you may contact your Employer, the IRS or your tax advisor. The general rollover rules are as follows:

- (a) SIMPLE IRA to SIMPLE IRA Rollovers.** Funds distributed from your SIMPLE IRA may be rolled over to the same or another of your SIMPLE IRAs if the requirements of Code Section 408(d)(3) are met. A proper SIMPLE IRA to SIMPLE IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. The 60-day requirement may be waived by the IRS in certain situations, such as casualty, disaster or other events beyond your reasonable control. You must not have completed another SIMPLE IRA to SIMPLE IRA rollover from the distributing IRA during the past 12 months immediately before the date on which you receive the distribution. Also, you may rollover the same dollars or assets only once every 12 months. However, direct transfers from an IRA custodian to another IRA custodian are not subject to this limitation. If the distribution from your SIMPLE IRA is for a qualified first-time home purchase of a principal residence, and such purchase does not occur, the 60-day rollover period described above is increased to 120 days and the 12-month rule described above does not apply.
- (b) SIMPLE IRA to Traditional IRA Rollovers.** Funds distributed from your SIMPLE IRA may be rolled over to your traditional IRA, provided two years have passed since you first participated in the SIMPLE IRA Plan sponsored by your Employer and the requirements of Code Section 408(d)(3) are met. A proper SIMPLE IRA to traditional IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. The 60-day requirement may be waived by the IRS in certain situations, such as casualty, disaster or other events beyond your reasonable control. You must not have completed another SIMPLE IRA to traditional IRA rollover or SIMPLE IRA to SIMPLE IRA rollover from the distributing SIMPLE IRA during the past 12 months immediately before the date on which you receive the distribution. Also, you may rollover the same dollars or assets only once every 12 months.
- (c) Employer Retirement Plan to SIMPLE IRA Rollovers.** You may not rollover, directly or indirectly, any distribution from an Employer Retirement Plan to a SIMPLE IRA.

- (d) *SIMPLE IRA to Employer Retirement Plans.* You may rollover an Eligible Rollover Distribution from your SIMPLE IRA to an Employer Retirement Plan which accepts rollovers. For this purpose, an Eligible Rollover Distribution is any taxable distribution from a SIMPLE IRA that is not a RMD. For it to qualify as a rollover, the Eligible Rollover Distribution must be rolled over to the Employer Retirement Plan no later than 60 days after you receive it, provided that two years have passed since you first participated in a SIMPLE IRA Plan sponsored by your Employer. The 60-day requirement may be waived by the IRS in certain situations, such as casualty, disaster or other events beyond your reasonable control.
- (e) *Conversion of SIMPLE IRA to Roth IRA.* You may be eligible to rollover (i.e., convert) all or any portion of your existing SIMPLE IRAs into your Roth IRAs, provided two years have passed since you first participated in the SIMPLE IRA Plan sponsored by your Employer. However, if you are age 72 or older (or 70½ or older if you reached 70½ before January 1, 2020), or older, you must receive your RMD for that year prior to converting your SIMPLE IRA. The amount of the rollover from your SIMPLE IRA to your Roth IRA is treated as a distribution for federal income tax purposes and is generally includible in your gross income. Although the rollover amount generally is included in gross income, the 10% early distribution penalty does not apply to rollovers from a SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10% penalty. For it to qualify as a rollover, the distribution from your SIMPLE IRA must be rolled over to your Roth IRA within 60 days after you receive it. The 60-day requirement may be waived by the IRS in certain situations, such as casualty, disaster or events beyond your reasonable control. Alternatively, you may arrange for a trustee-to-trustee transfer. If you wish to make a Roth IRA conversion for a particular year, you must complete the conversion by December 31 of that year, even if the 60-day period would end after December 31.
- (f) *No Rollover of Required Minimum Distributions.* You cannot rollover to your IRA any RMDs which you receive from your IRA or your Employer-sponsored Retirement Plan.
- (g) *NAV Rollover Policy.* In certain instances, some mutual fund companies may allow retirement plan assets that had been invested in their mutual funds to be moved into an IRA and the money reinvested into their mutual funds as Net Asset Value (NAV) reinstatements without new sales charges.

These options will vary by mutual fund company and may require you to rollover the assets into an IRA held at the mutual fund company in order to receive this benefit. If you decide to establish a fund-held IRA to take advantage of a NAV program, neither EJTC nor any of its affiliates will be the broker-dealer of record on the account. After your retirement assets are invested in the IRA under the NAV program at the fund company, you can decide to transfer your mutual fund holdings from the account at the fund company to an IRA at EJTC with no commissions being charged.

3. **Recharacterizations.** Employer contributions (including elective deferrals) under your SIMPLE IRA Plan cannot be recharacterized as contributions to another IRA.

## E. Federal Tax Penalties.

1. **Early Distribution Penalty.** If you are under age 59½, and you receive a SIMPLE IRA distribution, then a 10% additional tax will apply unless the distribution is made on account of (i) death, (ii) disability, (iii) a series of substantially equal periodic payments (at least annual payments) made over your life expectancy or the joint life expectancy of you and your beneficiary, (iv) an IRS levy, (v) payment of unreimbursed medical expenses that exceed 7.5% of your adjusted gross income, (vi) payment of health insurance premiums after being separated from employment and while receiving unemployment compensation under a federal or state program for at least 12 weeks, (vii)

certain qualified higher education expenses, (viii) expenses incurred in making a first home purchase (up to lifetime maximum of \$10,000), (ix) a qualifying rollover, or (x) the timely withdrawal of an excess contribution. The additional tax applies only to the portion of a distribution that is includible in gross income. The additional tax is increased from 10% to 25% if the distribution occurs within two years since you first participated in your Employer's SIMPLE IRA Plan.

The IRS may change these penalty exceptions or permit additional penalty exceptions from time to time. You are responsible for filing any additional IRS Forms that may be required with your tax return for the year of distribution to claim the exception or to pay the additional 10% (or 25%) penalty. You can refer to your tax professional for a detailed explanation of the exceptions to the 10% (or 25%) penalty to ensure you qualify.

2. **Excess Contribution Penalty.** An excise tax of 6% is imposed upon any excess contribution made to your SIMPLE IRA. This tax applies each year in which an excess remains in your IRA. An excess contribution is the amount of any contribution that exceeds the limit on your IRA contributions for the tax year (excluding permissible rollover and conversion contributions), plus any impermissible rollover or conversion contributions. However, any excess contribution that is withdrawn, together with the net income attributable thereto, by the due date for filing your federal income tax return (including extensions) for the tax year in which you made the contribution is not treated as an excess contribution, provided the excess contribution is not excludable from your income.
3. **Excess Accumulation Penalty.** As described above, you must receive a minimum distribution from your SIMPLE IRA for the year in which you reach age 72 (or 70½ if you reached 70½ before January 1, 2020) and no later than the end of each subsequent year. Your beneficiary also must receive certain minimum distributions from your SIMPLE IRA after your death. An excise tax of 50% is imposed on the amount of any RMD that should have been distributed but was not distributed on time. This excise tax is applied for each year any RMD amount is not distributed.
4. **Penalty Reporting.** You must complete and file a Form 5329 with the IRS to report and pay the federal tax penalties described above or to claim an exemption.

## F. Investments.

Your EJTC SIMPLE IRA is a self-directed IRA, which means that you direct the investments held in the IRA. You have the responsibility for selecting investments and for monitoring their performance. Investment performance will vary with the investment selected and cannot be projected by and is not guaranteed by EJTC. If you have entered into an investment advisory agreement, the investment decisions may be made by the investment advisor pursuant to the investment advisory agreement. Your self-directed SIMPLE IRA is maintained for your exclusive benefit.

## G. Miscellaneous Information.

1. **Qualified Reservist Distributions.** A "qualified reservist distribution" may be made from a SIMPLE IRA to an individual who was ordered or called to active duty after September 11, 2001, and before December 31, 2007, for a period of more than 179 days (or for an indefinite period). The distribution must have been made during the period beginning on the date of the order or call to duty and ending at the close of the active duty period. The amount distributed may have been re-contributed to the IRA at any time during the two-year period after the end of the active duty. The 10% early distribution penalty did not apply.
2. **Divorce or Separate Maintenance.** If all or any portion of your IRA is awarded to a former spouse or spouse under a decree of divorce or separate maintenance, such portion can be transferred to an IRA of the same type in the receiving spouse's name. There will be no tax implications to you if a

written instrument specifically directing the transfer is executed by a court as part of a divorce or legal separation in accordance with Code Section 408(d)(6) and is received and accepted by the Custodian. The Custodian may require other direction from you and your spouse or former spouse.

3. **Prohibited Transactions.** If your IRA is involved in a prohibited transaction, as described in Code Section 4975, your IRA will lose its tax-exempt status and you must include the value of your IRA in your gross income for that taxable year. You also may be subject to excise taxes. Prohibited transactions include the following transactions between you or your beneficiary and your IRA: (i) the sale, exchange or leasing of property; (ii) lending money or otherwise extending credit; (iii) furnishing goods, services or facilities; (iv) the transfer or use of the income or assets of the IRA; (v) dealing with the income or assets of the IRA in your own interest; or (vi) receiving consideration from any party dealing with the IRA in any transaction involving its income or assets. If you are under age 59½, the 10% (or 25%) penalty tax on early distributions will apply.
4. **Pledges.** If you pledge any portion of your IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for that tax year. If you are under age 59½, the 10% (or 25%) penalty tax on early distributions will apply.
5. **Fees and Expenses.** You agree to pay the fees and other expenses of maintaining and terminating your IRA when due, as determined in accordance with a schedule published from time to time. If you fail to timely pay, the Custodian may deduct any outstanding balance from the IRA, and if insufficient cash is available in the Account, the Custodian may liquidate assets to pay the balance.
6. **Inherited IRAs.** A beneficiary who inherits a SIMPLE IRA cannot make contributions to the inherited IRA. The beneficiary must take RMDs as described in this document for SIMPLE IRAs. A spouse who is the sole beneficiary of a decedent's IRA can elect to treat the IRA as his or her own. In this case, the spouse is not subject to the after-death minimum distribution requirements described in Section B.7. Instead, the spouse is subject to the RMD rules applicable to IRA owners.
7. **IRS Approval.** The EJTC SIMPLE IRA Custodial Agreement is the model custodial agreement on Form 5305-SA that satisfies the requirements of Code Sections 408(a) and 408(p) and has been approved by the IRS. IRS approval of this agreement is a determination only about its form, and does not indicate any endorsement of your SIMPLE IRA or of the available investments.
8. **Designation of Beneficiary.** You should designate a beneficiary(ies) to receive the balance of your IRA when you die. Your beneficiary(ies) must be designated on the EJTC Individual Retirement Account Authorization Form for your account or other writing acceptable to the EJTC. The assets remaining in your IRA will be distributed upon your death to the beneficiary(ies) named by you on record with the Custodian in accordance with the provisions of the Custodial Agreement for your IRA. If a beneficiary you designate is not a U.S. citizen or other U.S. person (including a resident alien individual) when you die, distribution options from the IRA and the tax treatment of such distributions may be more restrictive.
9. **Estate and Gift Taxes.** Generally, at your death, the total value of assets in your SIMPLE IRA is included in your gross estate for federal estate tax purposes. However, deductions are allowed if your beneficiary is either your spouse or a charity. Generally, naming a beneficiary to receive payments from your SIMPLE IRA is not considered a gift subject to federal gift tax, even if the designation is irrevocable. This is because the account owner typically retains the right to direct distributions, including rollovers and transfers.
10. **Notification Requirements of Employer.** Your Employer must provide you with specific information related to your SIMPLE IRA and your Employer's SIMPLE IRA Plan. Please reference

IRS Publication 560 for more information about your Employer's notification requirements.

11. **Additional Tax Information.** Income tax planning and reporting for IRAs is complex and EJTC does not provide tax advice. This document does not contain a complete explanation of all possible tax situations. You should consult with your tax advisor for your individual planning needs and to consider any special income tax reporting.

More information about your SIMPLE IRA can be obtained from any district office of the IRS or from the IRS website at [www.irs.gov](http://www.irs.gov).

You also may wish to obtain publications from the IRS, including Publication 590, Individual Retirement Arrangements (IRAs) and Publication 560, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans). IRS forms are available at any district office of the IRS and at [www.irs.gov](http://www.irs.gov).

For a summary of the basic tax forms that may be required for your SIMPLE IRA, see Appendix A.

12. **Account Protection.** To obtain information about account protection that the Securities Investor Protection Corporation ("SIPC") provides, including an explanatory SIPC brochure, visit [www.sipc.org](http://www.sipc.org) or call 202-371-8300.
13. **Business Continuity.** Edward Jones has a business continuity plan ("BCP") to allow Edward Jones to continue serving clients and provide them with access to their funds and securities in the event of a disaster. If any of Edward Jones' facilities are damaged or otherwise inaccessible as a result of a disaster, Edward Jones associates affected by such event would work from different areas of the same location or from alternate locations controlled by Edward Jones. Edward Jones has data centers in two geographically distinct locales. In the event one data center is damaged in a disaster, Edward Jones would move technological support and processing to the unaffected data center, with an expected short-term interruption in operations. Edward Jones' response to a significant business disruption is dependent upon the response of third parties, and Edward Jones cannot guarantee that a significant business disruption will not impact its operations. In the event of a significant business disruption, you can obtain information about the status of your account(s) and access to your funds and securities by contacting your financial advisor or Edward Jones Client Relations at 800-441-2357. Any updates to the Edward Jones BCP will be posted at [www.edwardjones.com/disclosures](http://www.edwardjones.com/disclosures).

## H. Conclusion.

Rates of return, fees and restrictions on contributions, transfers and withdrawals of funds may vary among different IRA custodians and trustees. Every IRA sponsor is required to provide you with a Disclosure Statement, similar to this one, describing the terms of their IRA.

This Disclosure Statement was prepared on the basis of current law and regulations and is believed to be accurate. EJTC does not take responsibility for individual tax consequences nor does it undertake the responsibility to inform you of changes in the law or its interpretation.