2018-2019 Entrust Account Guide

Helping You Direct Your Future™

Individual Retirement Accounts
Traditional and Roth IRAs

Small Business Retirement Accounts
SEP and SIMPLE IRAs

Individual 401(k) Plans

Educational Savings Account
ESA

Health Savings Account
HSA

Funding an Entrust Account

2018 and 2019 Plan Comparison Chart

Entrust does not promote any investments. Rather, Entrust provides the administration, information, and tools to make self-direction straightforward and compliant. We help you get started quickly and stay with you every step of the way. © 2019 The Entrust Group, Inc. All rights reserved.

www.TheEntrustGroup.com
Individual Retirement Accounts

Traditional and Roth IRAs
Traditional IRA

• What is a Traditional IRA?
A Traditional IRA is an Individual Retirement Arrangement, or more commonly known as an Individual Retirement Account, which allows pre-tax dollars along with any interest, capital gains, or dividend income to grow tax deferred until withdrawal. With an Entrust Self-Directed Traditional IRA, an individual may have the ability to direct their funds towards a wide variety of investments.

• Traditional IRA Eligibility Requirements
An individual can open and make contributions to an IRA if both of the following requirements are met:

- Taxable compensation has been received during the year
- 70 ½ years of age has not been reached by the end of the year

If an individual has compensation during the year and has not reached 70 ½ years of age, they may contribute for that year. For couples who are married and file a joint tax return, they both qualify to establish a separate IRA and contribute. Joint return filers may use their combined income for contribution purposes.

• Traditional IRA Contributions for 2019
If an individual has not reached 50 years of age by the end of the year, the maximum contribution that can be made is the lesser of $6,000 or the amount of their taxable compensation.

If an individual has reached 50 years of age or older by the end of the year, the maximum contribution that can be made is the lesser of $7,000 or the amount of their taxable compensation. Due to The Economic Growth and Tax Relief Reconciliation Act of 2001, a $1,000 catch-up provision was provided in an effort to allow additional retirement savings. Any contributions made to the Roth IRA for the same year will reduce the maximum contribution.

Consider an Entrust Self-Directed Traditional IRA if:

- You want tax-deferred earnings
- You want your contribution to be deductible
- Your income exceeds the income limits for contributing to a Roth IRA*
- Your current Traditional IRA restricts your investment options
- You have funds in an old 401(k) that you want to invest in alternative assets

*See IRA Comparison for 2019
Roth IRA

• What is a Roth IRA?
A Roth IRA is an individual retirement account that is funded with post-tax dollars, but all earnings, including interest, capital gains, and dividend income, grow tax deferred. Income taxes are paid on the initial contribution in the year it is made, but earnings can be withdrawn tax deferred as long as certain requirements are met*. In addition, contributions can be withdrawn at any time.

• What are the eligibility requirements?
An individual can make contributions to a Roth IRA if they have taxable compensation for the year, and their modified adjusted gross income (MAGI) does not exceed the specified limits.
If an individual and their spouse have received compensation during the year, both can contribute to their own IRA. However, if filing a joint tax return, only one individual is required to have compensation.

• Contribute to a Roth for a Tax-Free Future
Contributions to a Roth IRA are not tax deductible, but the gains accumulate tax deferred and may eventually be distributed tax free. If the individual is under 50 years old, the maximum allowable contribution for 2019 is $6,000. If the individual is 50 or over, the maximum contribution is $7,000 to include a $1,000 catch-up provision for additional retirement savings. Any contributions made to a Traditional IRA IRA in for the same year will reduce the maximum contribution.
If your current Roth IRA does not allow self-direction, you can easily transfer funds to an Entrust Self-Directed Roth IRA. You can also convert a Traditional IRA or a 401(k) with a former employer into a Roth. Although this is a taxable event, it allows you to fund your Roth IRA with more than just your annual contribution.
With a Roth IRA, there is no age limit for contributions, and individuals are not required to take distributions once they reach age 70 ½. In all cases, the principal amounts invested can be withdrawn without any tax liability.

Consider an Entrust Self-Directed Roth IRA if:

◆ You want tax-deferred earnings and no taxation on withdrawals
◆ You want to continue saving for your retirement beyond age 70 ½
◆ You do not want to be required to take distributions
◆ Your income does not exceed the income limits for contributing*

The amount an individual can contribute to a Roth IRA is based on their MAGI. However, as of 2010, there is no income limit if converting a Traditional IRA or Individual 401(k) with a former employer to a Roth.
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     - 555 12th Street, Suite 900
     - Oakland, CA 94607

3. Fund your IRA by making a contribution, or transfer/roll over an existing IRA or 401(k).

4. Choose your investment. For investment ideas, the Entrust Learning Center has a complete library of articles, case studies, news, and ideas on a number of different investment strategies.

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# IRA Comparison for 2019

<table>
<thead>
<tr>
<th></th>
<th>Traditional</th>
<th>Roth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligibility</strong></td>
<td>Up to the year prior to attaining age 70 ½. Must have earned income.</td>
<td>No age limit. There is an income limit based on tax filing status.</td>
</tr>
</tbody>
</table>
| **Income Limits for Full Contribution** | None | Single: Up to $137,000  
Joint: Up to $203,000 |
| **Income Limits for Partial Deductibility (Traditional)/Contribution (Roth)** | Single: $64,000 - $74,000  
Joint: $103,000 - $123,000 | Single: $122,000 - $137,000  
Joint: $193,000 - $203,000 |
| **Contribution Limits** | $6,000 or 100% of compensation, whichever is less. The contribution limit is reduced by any contributions made to a Roth IRA. | $6,000 or 100% of compensation, whichever is less. The contribution limit is reduced by any contributions made to a Traditional IRA. |
| **Catch-Up Contribution Limit** | Additional $1,000 if at least age 50. The contribution limit is reduced by any contributions made to a Roth IRA. | Additional $1,000 if at least age 50. The contribution limit is reduced by any contributions made to a Traditional IRA. |
| **Withdrawal Taxation** | Pre-tax contributions and earnings are taxable at time of distribution | Withdrawals of contributions are always tax-free. Earnings are tax-free after the 5 year requirement and the account holder meets 1 of the following: age 59 ½, death, disability, qualified first-time home purchase. First-time home purchase has a lifetime cap of $10,000. |
| **Required Minimum Distributions (RMDs)** | Begin at age 70 ½ | None |
Small Business Retirement Accounts

SEP and SIMPLE IRAs
SIMPLE IRA

What is a SIMPLE IRA?

A SIMPLE (Savings Incentive Match Plan for Employees) is an IRA-based plan that gives employers an easy way to make contributions toward their employees’ and their own retirement. A SIMPLE IRA is specifically designed for self-employed individuals or small businesses, generally with 100 employees or fewer in the preceding year.

A SIMPLE IRA is a tax-deferred, salary-reduction plan. Employees can choose to make contributions from their paychecks up to the allowable limit. The employer must also contribute to the plan; they can choose to either match the employee’s contribution dollar for dollar up to 3% of the employee’s compensation, or contribute a profit sharing contribution equal to 2% of the employee’s compensation. To be eligible, the employee must have met the plan’s service requirement and must be expected to make at least $5,000 in compensation the current year. All contributions are made directly to a SIMPLE IRA that has been established for each employee.

Contributions to a SIMPLE IRA are tax deferred. The contribution amount is excluded from your gross income. Funds are taxed when they are withdrawn. Employer contributions may be used as a tax deduction by the employer.

By establishing a self-directed SIMPLE IRA, your retirement funds can be invested in non-traditional investments such as real estate, notes, precious metals, private placements, and more.

Consider an Entrust Self-Directed SIMPLE IRA if:

- You have a company with fewer than 100 employees.
- You are looking for a plan with low start-up and administrative costs.
- You want a plan that provides you and your employees a simplified way to contribute toward retirement.
- You want a plan that can help you attract and retain quality employees while reducing business taxes.
- You would like flexibility in how much to contribute to the employees’ plan.
- You do not sponsor any other retirement plan.

SIMPLE IRA Rules

The deadline for setting up a SIMPLE IRA is October 1 of the calendar year. In 2019, the maximum deferral contribution amount is not to exceed $13,000. If age 50 or older, individuals can contribute an additional $3,000. The employer’s SIMPLE IRA contribution deadline for employees must be made by the employer’s tax return due date including extensions.
SEP IRA

What is a SEP IRA?
A SEP (Simplified Employee Pension) provides an easy, flexible, low-cost retirement option for a small business. A SEP is an employer plan that allows the employer to make contributions for themselves and their employees. Contributions made to each employee's Traditional (SEP) IRA may be used as a tax deduction for the employer.

A SEP IRA does not have the start-up and operating costs of a conventional employer plan, nor does the employer have to contribute the same amount each year. The employer can make tax-deductible contributions of up to 25% of each employee's compensation not to exceed $56,000 (Employers/owners are also considered employees therefore are also entitled to receive the same level of contribution). With a self-directed SEP IRA, the employee has the added benefit of choosing how to invest their funds.

Consider an Entrust Self-Directed SEP IRA if:

- You are a sole proprietor, partnership, corporation, or S corporation.
- You don't want to be locked into making contributions every year.
- You want a plan with low administrative costs.
- You want a wider range of investment choices, including real estate, notes, private placements, and LLCs.
- If you have an existing Tradition or SEP IRA but it doesn't allow self-direction, you can transfer or consolidate all or part of the funds to an Entrust Self-Directed SEP IRA.

SEP IRA Rules

- You can choose what percentage to contribute in any given year — up to 25% of earned income — as long as the percentage is the same for each employee.
- The maximum compensation amount that can be used for calculating contributions is $280,000 for 2019.
- Contributions are capped at $56,000 for 2019.
- As an employer, you can deduct the amounts contributed for yourself and your employees.
- Each employee has complete control over how to invest the contributions from the employer.
- For a given tax year, you can make your contribution up to the due date of your income tax return, including extensions.

You cannot open a SEP Roth IRA, but can convert your SEP IRA funds to a Roth if you want to enjoy the tax-free benefits of a Roth IRA.
What are the eligibility requirements?

Employees must meet the following requirements to be included in the SEP plan:

- Attained age 21
- Worked for the employer in at least 3 of the last 5 years

In addition to the eligibility requirements, employees may be required to meet a minimum compensation to receive a contribution from their employer for the year:

- At least $600 in compensation (in 2018 and 2019) for the year

An employer may use less restrictive eligibility requirements, for example age 18 or one year of employment. Eligibility requirements can be established by completing IRS Form 5305-SEP.

An employer can exclude employees from coverage based on the following:

- Employees covered by a union agreement and whose retirement benefits were bargained for in good faith by the employees union and the employer
- Non-resident alien employees who have received no U.S. source of wages, salaries, or other personal services compensation by the employer

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## SEP and SIMPLE Comparison for 2019

### SEP

<table>
<thead>
<tr>
<th>Employer Eligibility</th>
<th>Any business owner (i.e., sole proprietor, partnership, corporation, or earn self-employment income by providing service).</th>
</tr>
</thead>
</table>
| Employee Eligibility  | • Have reached age 21  
• Have worked for the employer for at least 3 of the last 5 years  
• May be waived by an employer |
| Tax Benefits          | Employer contributions are tax deductible with tax-deferred growth. |
| Deadline to Establish a Plan | Due date (including extensions) of your business income tax return for the year you want to establish the plan. |
| Responsibilities      | Employee must open an individual SEP IRA account. |
| Contributions         | Must be made by employer but can vary each year between 0%-25% of compensation, with a maximum of $56,000, and each eligible employee must receive the same percentage. |
| Required Minimum Distributions (RMDs) and Early Distribution Penalty | Begin at age 70 ½. Early withdrawal penalty of 10% if under age 59 ½ (unless exception applies). |

### SIMPLE

<table>
<thead>
<tr>
<th>Employer Eligibility</th>
<th>Generally, have 100 or fewer employees who earned at least $5,000 in the preceding year. Cannot sponsor any other retirement plan.</th>
</tr>
</thead>
</table>
| Employee Eligibility | • Have worked for the employer for 2 years  
• Must expect to receive $5,000 of compensation for the current year |
| Tax Benefits         | Employer contributions are deductible as business expense. Tax-deferred growth, pre-tax contributions. |
| Deadline to Establish a Plan | October 1 of the calendar year that the plan takes effect. |
| Responsibilities      | Administrator must meet certain annual employee notifications. Each eligible employee must establish a SIMPLE IRA to receive contributions. |
| Contributions         | Employer: Mandatory 3% match, or 2% non-elective contribution.  
Employee: Up to 100% of compensation (not to exceed $13,000 per year), with an additional $3,000 for individuals who are age 50 and over. |
| Required Minimum Distributions (RMDs) and Early Distribution Penalty | Begin at age 70 ½. Early withdrawal penalty of 10% (25% if in first two years of plan participation) if under age 59 ½ (unless exception applies). |
Self-Directed
Individual 401(k) Plans
Self-Directed Individual 401(k) Plan

An Entrust Self-Directed Individual 401(k) Plan gives employers the maximum flexibility and financial ability in investing for their future. The Individual 401(k) plan is similar to a 401(k) plan, but available only for businesses that only employ the owners, their spouses, and/or partners.

This plan allows small business owners the same advantages of a larger 401(k) plan without the expensive administrative costs.

Consider The Entrust Self-Directed Individual 401(k) Plan if:

◆ You are a small business owner with no employees other than your spouse or partner.
◆ You are looking for the largest retirement plan contribution for a business.
◆ You want the flexibility to invest in alternative assets.
◆ You want the capability of taking a loan from your plan account balance.

Key Advantages

Higher Contributions

An Individual 401(k) plan has two contribution types available:

◆ Employee: Salary deferral, based on earned income, up to the allowed limit
◆ Employer: Profit-sharing contribution, maximum 25% of compensation, up to the allowed limit

The employee salary deferral can be up to $19,000 as the individual limit for 2019, with an additional $6,000 for persons age 50 or over.

With an Entrust plan, you can establish the salary deferral component as either a traditional or designated Roth deferral, or both.

Loan Provisions

Participants can take a personal loan of up to 50% of the balance in the account, as long as it does not exceed $50,000. The loan must be repaid within five years making at least quarterly payments and using a reasonable interest rate (e.g. 1% above prime).

Low Cost

An Entrust Self-Directed Individual 401(k) is less complex and less costly to maintain than the conventional 401(k) plan. It can also be self-managed depending on the plan and the investment options.
Investment Options

An Entrust Self-Directed Individual 401(k) Plan allows you to invest in alternative investments such as:
- Real estate, notes, and mortgages to name a few.
- Physical metals such as gold, silver, platinum, and palladium.
- And much more!

With an Entrust Individual 401(k) account, you can also:
- Contribute corporate stock or cash, and deduct the contributions within the contribution limits, if you are a “C” Corporation.
- Manage your assets with a checkbook.
  - As the trustee of your plan, you control the investments and have signing authority over the plan’s checkbook.
  - The plan investment—including the checking account—must be titled under the plan name.

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2. Submit your application to your local office, or see submission options below:

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What’s Best for Me?

You should consult with your financial and legal representative before deciding what plan is most appropriate for you. Each small business owner has their own particular need.

We offer the following three options for Self-Directed Individual 401(k) plans:

**Option 1:**
**Entrust Individual 401(k) Plan**

We will provide you with the necessary documents to establish the 401(k) plan and we will also do the recordkeeping of the investments in your plan.

Fees:
- $399 - Annual plan document fee
- $50 - One time new account set up fee per participant
- Annual recordkeeping and administrative fees. (see fee schedule)

**Option 2:**
**Entrust Individual 401(k) Recordkeeping Service**

You may already use a plan document from a different provider. You may use Entrust as a recordkeeper of some or all of your plan investments.

Fees:
- $50 - One time new account set up fee per participant
- Annual recordkeeping and administrative fees. (see fee schedule)

**Option 3:**
**Individual 401(k) Plan Your Way**

We will provide you with the necessary documents to establish the plan only. As part of the service we will also notify you of any updates necessary to keep your plan in compliance.

You take control of how and where the plan assets are invested. You are also responsible for all of the administration of your plan.

Fees:
- $399 - Annual plan document fee
Coverdell Education Savings Account

ESA
Educational Savings Account

What is a Coverdell ESA?

A Coverdell Education Savings Account (ESA) is a tax-free way to save for a child’s education. Contributions to an ESA are not tax deductible, but the earnings grow tax free. By opening a self-directed ESA, individuals have the ability to grow their account faster than through traditional investments.

With an ESA, you can:

- Contribute up to $2,000 annually for each beneficiary. A beneficiary must be under age 18, or a special needs beneficiary.*
- Use the funds to pay for any educational institution, including elementary, secondary, college, or vocational training, whether public or private.
- Pay for educational expenses, such as uniforms, computers, and supplies.
- Choose whether to contribute in any given year — you are not required to make deposits every year.
- Transfer the funds to any family member under the age of 30.

Although the contribution limit per beneficiary is $2,000 per year, that amount can grow substantially by the time the child turns 18, especially if you are getting a good return. Distributions are not taxed if used for educational purposes.

*Regulations defining a “special needs beneficiary” have not been released by the Internal Revenue Service (IRS). Assume an individual who is age 18 or older and eligible for Supplemental Security Income (SSI) due to blindness or disability is a “special needs beneficiary.” Visit https://secure.ssa.gov/poms.nsf/lnx/0501130460 for more information.
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Health Savings Account
Health Savings Account

What is an HSA?

A health savings account is a tax-advantaged medical savings account for people who are enrolled in an approved high-deductible health plan (HDHP). Individuals can use the funds for medical expenses, such as prescriptions, eye care, dental, and some over-the-counter medications. The funds contributed to an HSA are tax-deductible, reducing the taxable income.

An advantage of an HSA is that contributions are not restricted to a particular year. Instead, the funds continue to accumulate. Earnings grow tax deferred and withdrawals are tax free if used for qualified medical expenses. In addition, funds are not lost if the individual changes health plans. After age 65, funds can be withdrawn penalty free for all purposes.

Qualifying for an HSA

To contribute to an HSA, you must meet the following requirements:

- Be enrolled in an eligible high-deductible health plan (HDHP).
- Have no other medical coverage.
- Not enrolled in Medicare.
- Not claimed as a dependent on someone else’s tax return.

Continue to Grow

Each year that you choose to make a contribution to your self-directed HSA, the funds can be invested in assets that you choose. Income generated from the investment will return to the HSA and can be distributed tax-free if used for eligible health care expenses. After age 65, you can take money out for any reason without penalty.

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Single Coverage Maximum Contribution</th>
<th>Family Coverage Maximum Contribution</th>
<th>Catch-Up Contribution (age 55 or over)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$3,450</td>
<td>$6,900</td>
<td>$1,000</td>
</tr>
<tr>
<td>2019</td>
<td>$3,500</td>
<td>$7,000</td>
<td>$1,000</td>
</tr>
</tbody>
</table>
HSAs Maximize the Benefits of an HDHP

Once an individual has selected a qualified HDHP, they can open a self-directed HSA with Entrust. A self-directed HSA not only gives the individual control over their medical expenses, but also allows them to control how their money is invested. Self-direction allows individuals to access a larger range of investment opportunities than those offered by traditional HSA account administrators. In addition to CDs and mutual funds, with a self-directed HSA, individuals can invest in real estate, notes, precious metals, and more—all permitted by the IRS.

What makes an eligible HDHP?

A high deductible health plan (HDHP) has lower monthly premiums than traditional health plans. A plan qualifies as a HDHP for HSA ability if it meets the following criteria:

<table>
<thead>
<tr>
<th></th>
<th>Single Coverage</th>
<th>Family Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>deductible and other</td>
<td>$6,750 (2019)</td>
<td>$13,500 (2019)</td>
</tr>
<tr>
<td>out-of-pocket expenses*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*These items may be increased based on cost-of-living adjustments. Speak with a health care insurance specialist for more information.

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Funding Your Entrust Account

You have options when it comes to funding your Entrust Self-Directed Retirement Account. Once you've decided which option is best for you, visit www.TheEntrustGroup.com/Forms to get started.

Contribution

Contribute up to the maximum amount allowed by the IRS. A contribution may be made via check, wire, or ACH.

Form Required: Deposit Coupon

Rollover

Rollover: Take a distribution from a previous IRA custodian. This means requesting the funds from the account be paid directly to the account owner. The funds must be sent, or rolled over, to Entrust within 60 days from the time the distribution is taken. After 60 days, the IRS will impose taxes and penalties.

Direct Rollover: Move retirement funds from an account with a previous employer, such as a 401(k), 403(b) or a governmental 457(b) plan, directly into an Entrust Self-Directed IRA.

Form Required: Rollover/Direct Rollover Certification Form

Transfer

Transfer funds from an existing IRA at another custodian directly to Entrust. If funds are transferred from more than one IRA, fill out a separate form for each account. Each transfer form must be accompanied with a copy of the current custodian’s IRA statement.

Form Required: Transfer Form
## 2018 Self-Directed Plan Comparison

### Eligibility

<table>
<thead>
<tr>
<th>Traditional</th>
<th>Roth</th>
<th>SEP</th>
<th>SIMPLE</th>
<th>Individual 401(k)</th>
<th>ESA</th>
<th>HSA</th>
</tr>
</thead>
</table>
| Up to the year prior to attaining age 70 ½. Must have earned income. | No age limit. There is an income limit based on tax filing status. | Employer eligibility to establish plan: Any business (i.e., sole proprietor, partnership, or corporation) Employee eligibility to participate:  
  • Have reached age 21  
  • Have worked for employer for at least 3 of the last 5 years  
  • Have received at least $600 in compensation  
  • May be waived by an employer | Any business with fewer than 100 employees who earned at least $5,000 in the preceding year. Cannot contribute to any other retirement plan in the same calendar year. | Any business with no employees other than your spouse or other owners. | Any adult can establish a Coverdell ESA for any child below the age of 18. Do not have to be related to the child. No age restrictions apply to special needs beneficiaries. | • Must be enrolled in an eligible high-deductible health plan.  
• Not covered by another medical insurance.  
• Not enrolled in Medicare.  
• Not claimed as a dependent on someone else’s tax return. |

### Contributions and Limits

<table>
<thead>
<tr>
<th>Traditional</th>
<th>Roth</th>
<th>SEP</th>
<th>SIMPLE</th>
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</tr>
</thead>
</table>
| $5,500 or 100% of compensation, whichever is less.  
  Catch-up if age 50 or older: Additional $1,000.  
  Reduced by any contribution to a Roth IRA. | $5,500 or 100% of compensation, whichever is less.  
  Catch-up if age 50 or older: Additional $1,000.  
  Reduced by any contribution to a Traditional IRA. | Employer: Smaller of 25% of compensation or $55,000.  
  The maximum compensation amount that can be used to calculate contribution for 2018 is $275,000.  
  Employee: Mandatory 3% match, or 2% non elective contribution.  
  Employee: Deferral limit of $12,500 ($15,500 if age 50 or older for the calendar year). | Employer: Smaller of 25% of compensation or $55,000. The maximum compensation amount that can be used for 2018 is $275,000.  
  Employer: Deferral maximum of $18,500 plus an additional $6,000 for individuals age 50 and older. | | $2,000 per year, per child | | Single: $3,450  
Family: $6,900  
Catch-up if age 55 or over: Additional $1,000. |

### Characteristics and Highlights

<table>
<thead>
<tr>
<th>Traditional</th>
<th>Roth</th>
<th>SEP</th>
<th>SIMPLE</th>
<th>Individual 401(k)</th>
<th>ESA</th>
<th>HSA</th>
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</thead>
</table>
| Potential tax-deductible contributions.  
Tax-deferred earnings.  
Pay taxes when you take distributions on taxable amounts.  
Required minimum distributions begin at age 70 ½. | Tax-deferred earnings.  
Pay taxes now on contributions and pay no taxes on withdrawals of earnings when qualified status is attained.  
Contributions may be made after age 70 ½.  
No required minimum distributions. | Any size of business.  
Employer contributions are discretionary and tax-deductible.  
Required minimum distributions begin at age 70 ½. | Any business with 100 or fewer employees in the preceding year.  
Elective employee salary deferral and employer matching.  
Required minimum distributions begin at age 70 ½. | Designed for businesses with no eligible rank and file employees. Has the same benefits of a 401(k).  
Total employee deferral & employer contributions may not exceed $55,000.  
Additional employee deferrals of $6,000 for individuals 50 and older. | Use the funds to pay for any educational institution or expenses.  
Not required to contribute yearly.  
Funds can be transferred to any eligible family member below the age of 30. | Contributions can be used any year - funds continue to accumulate.  
Earnings grow tax deferred.  
Withdrawals used for qualified medical expenses are tax free.  
You do not lose the funds if you change health plans.  
At age 65, funds can be withdrawn penalty-free for any purposes. |

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## 2019 Self-Directed Plan Comparison

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<th>Plan Type</th>
<th>Eligibility</th>
<th>Contributions and Limits</th>
<th>Characteristics and Highlights</th>
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</thead>
<tbody>
<tr>
<td><strong>Traditional</strong></td>
<td>Up to the year prior to attaining age 70 ½. Must have earned income.</td>
<td>$6,000 or 100% of compensation, whichever is less. Catch-up if age 50 or older: Additional $1,000. Reduced by any contribution to a Roth IRA.</td>
<td>Potential tax-deductible contributions. Tax-deferred earnings. Pay taxes when you take distributions on taxable amounts. Required minimum distributions begin at age 70 ½.</td>
</tr>
<tr>
<td><strong>Roth</strong></td>
<td>No age limit. There is an income limit based on tax filing status.</td>
<td>$6,000 or 100% of compensation, whichever is less. Catch-up if age 50 or older: Additional $1,000. Reduced by any contribution to a Traditional IRA.</td>
<td>Tax-deferred earnings. Pay taxes now on contributions and pay no taxes on withdrawals of earnings when qualified status is attained. Contributions may be made after age 70 ½. No required minimum distributions.</td>
</tr>
<tr>
<td><strong>SEP</strong></td>
<td>Employer eligibility to establish plan: Any business (i.e., sole proprietor, partnership, or corporation). Employee eligibility to participate: • Have reached age 21 • Have worked for employer for at least 3 of the last 5 years • Have received at least $600 in compensation • May be waived by an employer.</td>
<td>Employer: Smaller of 25% of compensation or $56,000. The maximum compensation amount that can be used to calculate contribution for 2019 is $280,000.</td>
<td>Any size of business. Employer contributions are discretionary and tax-deductible. Required minimum distributions begin at age 70 ½.</td>
</tr>
<tr>
<td><strong>SIMPLE</strong></td>
<td>Any business with fewer than 100 employees who earned at least $5,000 in the preceding year. Cannot contribute to any other retirement plan in the same calendar year.</td>
<td>Employer: Mandatory 3% match, or 2% non elective contribution. Employee: Deferral limit of $13,000 ($16,000 if age 50 or older for the calendar year).</td>
<td>Any business with 100 or fewer employees in the preceding year. Elective employee salary deferral and employer matching. Required minimum distributions begin at age 70 ½.</td>
</tr>
<tr>
<td><strong>Individual 401(k)</strong></td>
<td>Any business with no employees other than your spouse or other owners.</td>
<td>Employer: Smaller of 25% of compensation or $56,000. The maximum compensation amount that can be used for 2018 is $280,000. Employee: Deferral maximum of $19,000 plus an additional $6,000 for individuals age 50 and older.</td>
<td>Designed for businesses with no eligible rank and file employees. Has the same benefits of a 401(k). Total employee deferral &amp; employer contributions may not exceed $56,000. Additional employee deferrals of $6,000 for individuals 50 and older. Use the funds to pay for any educational institution or expenses. Not required to contribute yearly. Funds can be transferred to any eligible family member below the age of 30.</td>
</tr>
<tr>
<td><strong>ESA</strong></td>
<td>Any adult can establish a Coverdell ESA for any child below the age of 18. Do not have to be related to the child. No age restrictions apply to special needs beneficiaries.</td>
<td>$2,000 per year, per child</td>
<td></td>
</tr>
<tr>
<td><strong>HSA</strong></td>
<td>• Must be enrolled in an eligible high-deductible health plan. • Not covered by another medical insurance. • Not enrolled in Medicare. • Not claimed as a dependent on someone else’s tax return.</td>
<td>Single: $3,500 Family: $7,000 Catch-up if age 55 or over: Additional $1,000.</td>
<td>Contributions can be used any year - funds continue to accumulate. Earnings grow tax deferred. Withdrawals used for qualified medical expenses are tax free. You do not lose the funds if you change health plans. At age 65, funds can be withdrawn penalty-free for any purposes.</td>
</tr>
</tbody>
</table>

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