



Employer: This *Summary Description* is provided to you as required under section 408(l)(2) of the Internal Revenue Code and is based on the SIMPLE IRA agreement provided to Franklin Templeton when the plan was established or last updated.

You should provide this Summary Description to employees who will be eligible to participate in the SIMPLE IRA in the coming year. If you made changes to your SIMPLE IRA, please update this *Summary Description*, check the "UPDATED" box below and send the revised *Summary Description* to Franklin Templeton.

☐ UPDATED

Savings Incentive Match Plan for Employees (SIMPLE) IRA

SUMMARY DESCRIPTION

AAA SCHOLARSHIP FOUNDATION INC
14310 CARLSON CIR J2
TAMPA, FL 33626-3003

Effective Date: January 1, 2023

Article I—Employee Eligibility Requirements *(Complete applicable box(es) and blanks.)*

- 1 **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 following requirements (select either 1a or 1b):
- a ☒ **Full Eligibility.** All employees are eligible.
- b ☐ **Limited Eligibility.** Eligibility is limited to employees who are described in both (i) and (ii) below:
- (i) **Current compensation.** Employees who are reasonably expected to receive at least \$ _____ in compensation (not to exceed \$5,000) for the calendar year.
- (ii) **Prior compensation.** Employees who have received at least \$ _____ in compensation (not to exceed \$5,000) during any ____ 0 ____ (insert 0, 1, or 2) calendar year(s) preceding the calendar year.*
- 2 **Excludable Employees (OPTIONAL)**
- ☐ The Employer elects to exclude employees covered under a collective bargaining agreement for which retirement benefits were the subject of good faith bargaining. **Note:** This box is deemed checked if the Employer maintains a qualified plan covering only such employees.

Article II—Salary Reduction Agreements *(Complete the box and blank, if applicable.)*

- 1 **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 **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 In addition to the election periods in 2a, eligible employees may make salary reduction elections or modify prior elections Annually effective October 1st
- c 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.
- d An employee may terminate a salary reduction election at any time during the calendar year. ☒ If this box is checked, an employee who terminates a salary reduction election not in accordance with 2b may not resume salary reduction contributions during the calendar year.

*If you elect a prior compensation requirement, you must indicate the number of calendar years that the requirement must be met to establish eligibility.

Article III—Contributions *(Complete the blank, if applicable.)*

- 1 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.
- 2 Other Contributions**
 - 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:
 - (1) The limit is not reduced below 1%; (2) 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 (3) 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, item 2a)*.
 - b Non-elective Contributions**
 - (i) For any calendar year, instead of making matching contributions, the Employer may make non-elective contributions equal to 2% of compensation for the calendar year to the SIMPLE IRA of each eligible employee who has at least \$_____ (not more than \$5,000) in compensation for the calendar year. No more than \$305,000** in compensation can be taken into account in determining the non-elective contribution for each eligible employee.
 - (ii) For any calendar year, the Employer may make 2% non-elective contributions instead of matching contributions only if:
 - (1) Each eligible employee is notified that a 2% non-elective contribution will be made instead of a matching contribution; and
 - (2) 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, item 2a)*.
- 3 Time and Manner of Contributions**
 - a** The Employer will make the salary reduction contributions (described in 1 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.
 - b** The Employer will make the matching or non-elective contributions (described previously in 2a and 2b 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.

Article IV—Other Requirements and Provisions

- 1 Contributions in General.** The Employer will make no contributions to the SIMPLE IRAs other than salary reduction contributions (described in **Article III, item 1**) and matching or non-elective contributions (described in **Article III, items 2a and 2b**).
- 2 Vesting Requirements.** All contributions made under this SIMPLE IRA plan are fully vested and non-forfeitable.
- 3 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 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.
- 5 Amendments to This SIMPLE Plan.** This SIMPLE IRA plan may not be amended except to modify the entries inserted in the blanks or boxes provided in **Articles I, II, III**.
- 6 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 plan. In addition, an individual may roll over or transfer his or her SIMPLE IRA balance to any IRA on a tax-free basis after a 2-year period has expired since the individual first participated in a SIMPLE IRA plan. 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 a SIMPLE IRA plan 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%.

**This is the amount for 2022. 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 IRS.gov.



Article V—Definitions

1 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)] 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.

- 2 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.

- 3 Eligible Employee.** An eligible employee means an employee who satisfies the conditions in **Article I, item 1** and is not excluded under **Article I, item 2**.

- 4 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 plan and rollovers or transfers from another SIMPLE IRA.

Article VI—Procedures for Withdrawal

The employer will provide each employee with the procedures for withdrawals of contributions received by the financial institution selected by the employee, and that financial institution's name and address (by attaching that information or inserting it in the space below) unless: (1) that financial institution's procedures are unavailable, or (2) that financial institution provides the procedures directly to the employee.

Employees interested in withdrawing funds from their SIMPLE IRA should contact Franklin Templeton Retirement Services at (800) 527-2020, Monday through Friday, 8:30 a.m. to 8:00 p.m. ET.

Name & Address of SIMPLE IRA Custodian (Financial Institution):

**Fiduciary Trust International of the South
c/o Franklin Templeton Investor Services, LLC
P.O. Box 997153
Sacramento, CA 95899-7153**



FRANKLIN
TEMPLETON

Franklin Templeton Investor Services, LLC
100 Fountain Parkway N.
P.O. Box 33030
St. Petersburg, FL 33733-8030
tel (800) 632-2301
franklintempleton.com

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August 25, 2022

Important Reminder for SIMPLE IRA Plan Sponsors

As plan sponsor of a SIMPLE IRA, you're required to provide all eligible employees with a Summary Description of the plan at least 60 days before the new plan year. For most plans, November 1 marks the latest date the summary can be provided to meet this 60-day period. During this time, employees may enroll in the plan or change salary deferral elections.

Enclosed is a *Summary Description* we have prepared for your company's Franklin Templeton SIMPLE IRA. The information is based on the current information we have on file for your plan.

Review Information:

- Review the enclosed *Summary Description*
- If anything has changed, check the "UPDATED" box at the top of the form
- Return your revised copy to us and we'll update your plan records accordingly
 - Email: shrequests@franklintempleton.com
 - Fax: 855-891-8377
 - Mail: P.O. Box 33030 St. Petersburg, FL 33733-8030

Distribute Summary Description

After you have reviewed the *Summary Description*, you'll need to distribute a copy to every eligible employee in your company. If any updates were made for the upcoming year, make sure the updated version is provided to each eligible employee.

Inform Participants of Contribution Limits:

- The maximum contribution limit for 2022:
 - \$14,000 for participants under age 50
 - \$17,000 for participants age 50 or older
- 2023 contribution limits will be provided by the IRS later this year

If you have permanently terminated your SIMPLE IRA plan and wish to stop receiving this annual notification, contact us at the number below.

Questions? We're here to help

Call us at (800) 527-2020, Monday through Friday, 5:30 a.m. to 5:00 p.m. Pacific Time.

This communication is provided for educational and informational purposes only. It should not be considered or relied upon as legal, tax or investment advice, an investment recommendation, or as a substitute for legal or tax counsel.

Rec'd 8/31/22

RSIM LSPD 08/22