



# PROHIBITED TRANSACTIONS DISCLOSURE FOR QUALIFIED RETIREMENT ACCOUNTS

## GENERAL INFORMATION

Generally, you may purchase any asset that is legally permissible with your retirement plan funds. The Internal Revenue Service Code and Employee Retirement Income Security Act of 1974, (ERISA) do not state what you may invest in. However, the law is specific as to what one may not invest in or do with your Retirement Account. These rules and regulations are covered under the Disqualified Persons, and the Prohibited Transactions sections of this pamphlet.

## DISQUALIFIED PERSONS

A Disqualified Person can be any one or more of the following:

- Yourself
- Your spouse, ancestors, descendants and their spouses;
- An employee of any participant of the Retirement Account, including the IRA owner;
- A 10% or more partner in a partnership having the Retirement Account;
- A fiduciary of the Retirement Account
- A highly compensated employee;
- An employee organization, any of whose members are covered by the Retirement Account;
- A person providing services to the Retirement Account.

## RELATED DISQUALIFIED PERSONS

If you are a Disqualified Person, the following are also Disqualified Persons:

- Members of your family, including your spouse, ancestors, direct descendants, and any spouse of a direct descendant;
- Corporations, partnerships, trusts, or estates in which you own, directly or indirectly, at least half of the corporation, capital interest or profit interest of the partnership, or beneficial interest of the trust or estate.

## PROHIBITED TRANSACTIONS

Transactions between the Retirement Account and a Disqualified Person generally are prohibited, including any improper use of your retirement funds.

Prohibited transactions between a Retirement Account and a Disqualified Person generally include, but may not be limited to:

- Borrowing money or extending credit to or from the Retirement Account;
- Buying, selling, or leasing property to or from the Retirement Account;
- Receiving unreasonable compensation for managing the Retirement Account;
- Using assets as security for a loan made to a Disqualified Person;
- Furnishing goods, services or facilities to or from the Retirement Account;
- Purchasing property in the Retirement Account for current or future personal use;
- Dealing with or transferring of Retirement Account income or assets to, for the use by, or for the benefit of a Disqualified Person; or
- Receiving consideration by a fiduciary for his or her own account from a party that is dealing with the Retirement Account in a transaction that involves Retirement Account income or assets.

## EXEMPTIONS

If you are a Disqualified Person, you are allowed to receive any benefit to which you are entitled as a Retirement Account participant or beneficiary. However, the benefit must be figured and paid under the same terms as for all other participants and beneficiaries.

## EFFECTS

Generally, if you engage in a prohibited transaction in connection with your Retirement Account at any time during the year, it will not be treated as a Retirement Account as of the first day of the year. You must also include the fair market value of all (or part, in certain cases) of the retirement assets in your gross income for that year.

*Note: This information is intended to be general in nature. It is only a summary of the actual laws and regulations which apply to Qualified Retirement Accounts. Please refer to the IRS tax code, your attorney, or other legal and tax advisors for more information.*

## OUR SERVICES

Maintaining local ownership and control, Texas State Bank Trust Department offers the following fiduciary services:

- Estate Planning and Settlement
- Guardianships of Estates or Wards
- Revocable Trusts
- Irrevocable Trusts
- Charitable Trusts
- Life Insurance Trusts
- Oil, Gas, and Real Estate Management
- Employee Benefit & Retirement Accounts
- Individual Retirement Accounts
- Investment Management, Research, and Information
- Safekeeping of wills and other legal documents

## OUR HISTORY

Texas State Bank of San Angelo was established in 1963 by local San Angelo businessmen. With only eight initial employees, Texas Bank offered standard banking services to San Angelo and the Concho Valley.

In 1964, Texas Bank began offering fiduciary services such as trust, investment management, employee benefit and retirement accounts to the area. Today, with seven Trust employees, Texas Bank has maintained the Trust Department in San Angelo and offer fiduciary services to our clients.

The Trust Department is an important part of the business and services provided by Texas Bank. The Trust Department takes care of our clients' property which has been entrusted to us with the highest degree of responsibility and care that no individual can equal.

Please contact any of our Trust Officers for assistance:

### Joe Payne, CTFA

Sr. Vice President and Trust Manager

### Rhea Cooke

Vice President and Trust Officer

### David Vann

Assistant Vice President and Trust Officer

Non-deposit investments offered are

- Not FDIC insured
- Not guaranteed by the Bank
- Subject to loss in value