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#### DEFINITIONS

**ADOPTING EMPLOYER** Means any corporation, sole proprietor, or other entity named in the Adoption Agreement and any successor who by merger, purchase, or otherwise, assumes the obligations of the Plan.

**ADOPTION AGREEMENT** Means the document executed by the Employer through which it adopts the Plan and thereby agrees to be bound by all terms and conditions of the Plan.

**BASIC PLAN DOCUMENT** Means this prototype plan document.

**CODE** Means the Internal Revenue Code of 1986 as amended.

**COMPENSATION** As elected by the Adopting Employer in the Adoption Agreement, Compensation shall mean one of the following, except as otherwise specified in the Plan:

- W-2 Wages.** (Information required to be reported under Code sections 6041, 6051, and 6052 (wages, tips, and other compensation as reported on Form W-2)). Compensation is defined as wages within the meaning of Code section 3401(a) and all other payments of compensation to an Employee by the Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under Code sections 6041(d), 6051(a)(3) and 6052. Compensation must be determined without regard to any rules under Code section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code section 3401(a)(2)).
- Section 3401(a) Wages.** Compensation is defined as wages within the meaning of Code section 3401(a) for the purposes of income tax withholding at the source but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code section 3401(a)(2)).
- 415 Safe-Harbor 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 SEP Plan to the extent that the amounts are includible in gross income (including, but not limited to, commissions paid to salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan (as described in Regulations section 1.61-2(c), and excluding the following:
  - Employer contributions to a plan of deferred compensation which are not includible in the Employee's gross income for the taxable year in which contributed, or Employer Contributions under a SEP plan, or any distributions from a plan of deferred compensation;
  - Amounts realized from the exercise of a nonqualified stock option, or when restricted stock (or property) held by the employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;
  - Amounts realized from the sale, exchange, or other disposition of stock acquired under a qualified stock option; and
  - Other amounts which received special tax benefits, such as premiums for group-term life insurance (but only to the extent the premiums are not includible in the gross income of the employee).

Compensation shall include only that Compensation which is actually paid or made available to the Participant during the Plan Year.

A Participant's Compensation shall include any elective deferral described in Code section 402(g)(3) or any amount that is contributed by the Employer at the election of the Employee and that is not includible in the gross income of the Employee under Code sections 125, 132(f)(4), or 457.

The annual Compensation of each Participant taken into account under the Plan for any year shall not exceed the Compensation limit described in Code section 401(a)(17) as adjusted by the Secretary of the Treasury for increases in the cost-of-living in accordance with Code section 401(a)(17)(B). Such adjustments shall be made in multiples of \$5,000 (the Compensation limit for 2002 is \$200,000). If a Plan determines Compensation for a period of time that contains fewer than 12 calendar months, then the annual Compensation limit is an amount equal to the annual Compensation limit for the calendar year in which the Compensation period begins multiplied by a fraction, the numerator of which is the number of full months in the short Compensation period, and the denominator of which is 12.

For purposes of Section Seven, Compensation shall include any amount which is contributed by the Employer as an Elective Deferral pursuant to a salary reduction agreement which is not includible in the gross income of the Employee under Code section 402(h).

**EARNED INCOME** Means the net earnings from self-employment in the trade or business with respect to which the Plan is established, for which personal services of the Self-Employed Individual are a material income-producing factor. Net earnings will be determined without regard to items not included in gross income and the deductions allocable to such items. Net earnings are reduced by contributions by the Employer to a qualified plan or to a Simplified Employee Pension plan to the extent deductible under Code section 404.

Net earnings shall be determined with regard to the deduction allowed to the Employer by Section 164(f) of the Code for taxable years beginning after December 31, 1989.

**EMPLOYEE** Means any person who is employed by the Employer as a common law employee and, if the Employer is a sole proprietorship or partnership, any Self-Employed Individual who performs services with respect to the trade or business of the Employer as described in Code section 401(c)(1). Further, any employee of any other employer required to be aggregated under Code sections 414(b), (c), (m), or (o) and, unless otherwise indicated in the Adoption Agreement, any leased Employee required to be treated as an employee of the Employer under Code section 414(n) shall also be considered an Employee.

**EMPLOYER** Means the Adopting Employer and any successor who by merger, consolidation, purchase, or otherwise assumes the obligations of the Plan. A partnership is considered to be the Employer of each of the partners and a sole proprietorship is considered to be the Employer of the sole proprietor.

If the Adopting Employer is a member of a controlled group of corporations (as defined in Code section 414(b)), a group of trades or businesses under common control (as defined in Code section 414(c)), an affiliated service group (as defined in Code section 414(m)), or is required to be aggregated with any other entity as defined in Code section 414(o), then for purposes of the Plan, the term Employer shall include the other members of such groups or other entities required to be aggregated with the Adopting Employer.

**HIGHLY COMPENSATED EMPLOYEES** A Highly Compensated Employee is a Participant described in Code section 414(q) who during the current or preceding year (a) was a five-percent owner of the Employer as defined in Code section 416(i)(1)(B)(i); or (b) received Compensation in excess of \$80,000, as adjusted pursuant to Code section 414(q)(1).

**IRA** Means a Traditional individual retirement account or Traditional individual retirement annuity, which satisfies the requirements of Code section 408(a) or (b).

**PARTICIPANT** Means any Employee who has met the eligibility requirements of Section Three of the Plan, and who is or may become eligible to receive an Employer Contribution.

**PLAN** Means the prototype SEP Plan adopted by the Employer that is intended to satisfy the requirements of Code section 408(k). The Plan consists of the Basic Plan Document plus the corresponding Adoption Agreement as completed and signed by the Employer.

**PLAN YEAR** Means the 12-consecutive month period which coincides with the Employer's taxable year or such other 12-consecutive month period as is designated in the Adoption Agreement.

**PRIOR PLAN** Means a plan which was amended or replaced by adoption of this Plan, as indicated in the Adoption Agreement.

**PROTOTYPE SPONSOR** Means the entity specified in the Adoption Agreement that makes this prototype Plan available to employers for adoption.

**REGULATIONS** Means the Treasury Regulations.

**SELF-EMPLOYED INDIVIDUAL** Means an individual who has Earned Income for a Plan Year from the trade or business for which the Plan is established; also, 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.

**TAXABLE WAGE BASE** Means, with respect to any taxable year, the contribution and benefit base in effect under Section 230 of the Social Security Act at the beginning of the Plan Year.

## SECTION ONE: ESTABLISHMENT AND PURPOSE OF PLAN

- 1.01 **PURPOSE** The purpose of this Plan is to provide, in accordance with its provisions, a Simplified Employee Pension plan providing benefits upon retirement for the individuals who are eligible to participate hereunder.
- 1.02 **INTENT TO QUALIFY** It is the intent of the Employer that this Plan shall be for the exclusive benefit of its Employees and shall qualify for approval under Code section 408(k). This document is intended to conform with the applicable rules and procedures of the Internal Revenue Service (IRS) that apply to prototype Simplified Employee Pension plans.
- 1.03 **USE WITH IRA** This prototype Plan must be used with an IRS model IRA (Form 5305 or Form 5305-A) or any other plan that satisfies Code section 408(a) or 408(b).

## SECTION TWO: EFFECTIVE DATES

The Effective Date means the date the Plan (or in the event a Prior Plan is amended, the restatement) becomes effective as indicated in the Adoption Agreement.

## SECTION THREE: ELIGIBILITY AND PARTICIPATION

- 3.01 **ELIGIBILITY REQUIREMENTS** Except for those Employees described in Section 3.02 of the Plan that are excluded as indicated in the Adoption Agreement, each Employee of the Employer who fulfills the eligibility requirements specified in the Adoption Agreement shall become a Participant.
- When the Employer maintains the Plan of a predecessor employer, an Employee's service will include his or her service for such predecessor employer.
- 3.02 **EXCLUSION OF CERTAIN EMPLOYEES** The Employer may exclude collective bargaining unit Employees, non-resident aliens, and acquired Employees, as defined in paragraphs (A) through (C) below, from participating in the Plan. In addition, the Employer may exclude Employees earning less than the defined Compensation threshold as defined in paragraph (D) below, pursuant to the conditions described therein.
- A. **Collective Bargaining Unit Employees.** A collective bargaining unit Employee is an Employee included in a unit of Employees covered by a collective bargaining agreement between the Employer and Employee representatives, if retirement benefits were the subject of good faith bargaining and if two percent or less of the Employees who are covered pursuant to that agreement are professionals as defined in Regulations section 1.410(b)-9. For this purpose, 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 Aliens.** A non-resident alien is an Employee who is a non-resident alien (within the meaning of Code section 7701(b)(1)(B)) and who received no earned income (within the meaning of Code section 911(d)(2)) from the Employer which constitutes income from sources within the United States (within the meaning of Code section 861(a)(3)).
- C. **Acquired Employees.** An acquired Employee is an Employee who would be employed by another employer that has been involved in an acquisition or similar transaction described under Code section 410(b)(6)(C) with the Employer, had the transaction not occurred.
- If elected on the Adoption Agreement, an acquired Employee will not be eligible to become a Participant in the Plan during the period beginning on the date of the transaction and ending on the last day of the first Plan Year beginning after the date of the transaction.
- D. **Compensation Amount.** Compensation for the purposes of the \$450 limit of Code section 408(k)(2)(C) shall be defined as Code section 414(q)(7) Compensation.
- 3.03 **ADMITTANCE AS A PARTICIPANT**
- A. **Prior Plan.** If this Plan is an amendment or continuation of a Prior Plan, each Employee of the Employer who, immediately before the Effective Date, was a participant in the Prior Plan shall be a Participant in this Plan as of the Effective Date.
- B. **Notification of Eligibility.** The Employer shall notify each Employee who becomes a Participant of his or her status as a Participant in the Plan and of his or her duty to establish an IRA to which Employer Contributions may be made.
- C. **Establishment of an IRA.** If a Participant fails to establish an IRA within a reasonable period of time after receiving notice from the Employer pursuant to Section 3.03(B) of the Plan, the Employer may execute any necessary documents to establish an IRA on behalf of the Participant.
- 3.04 **DETERMINATIONS UNDER THIS SECTION** The Employer shall determine the eligibility of each Employee to be a Participant. This determination shall be conclusive and binding upon all persons except as otherwise provided herein or by law.
- 3.05 **LIMITATION RESPECTING EMPLOYMENT** Neither the fact of the establishment of the Plan nor the fact that an Employee has become a Participant shall give to that Employee any right to continued employment; nor shall either fact limit the right of the Employer to discharge or to deal otherwise with an Employee without regard to the effect such treatment may have upon the Employee's rights under the Plan.

## SECTION FOUR: CONTRIBUTIONS AND ALLOCATIONS

- 4.01 **EMPLOYER CONTRIBUTIONS**
- A. **Obligation to Contribute.** An Employer Contribution is the amount contributed by the Employer to this Plan. Except as otherwise indicated in the Adoption Agreement, the Employer will contribute an amount to be determined from year to year. The Employer may, in its sole discretion, make contributions without regard to current or accumulated earnings or profits.
- B. **Allocation Formula.** Employer Contributions shall be allocated in accordance with the allocation formula selected in the Adoption Agreement. Each Employee who has satisfied the eligibility requirements pursuant to Section 3.01 of the Plan (thereby becoming a Participant) will share in such allocation.
- Employer Contributions made for a Plan Year on behalf of any Participant shall not exceed the lesser of 25 percent of Compensation or \$40,000, as adjusted under Code section 415(d). For purposes of the 25 percent limitation described in the preceding sentence, a Participant's Compensation does not include any elective deferral described in Code section 402(g)(3) or any amount that is contributed by the Employer at the election of the Participant and that is not includible in the gross income of the Participant under Code sections 125, 132(f)(4), or 457, except as otherwise provided in Section 7.07(A) of the Plan.
1. **Pro Rata Allocation Formula.** If the Employer has selected the pro rata allocation formula in the Adoption Agreement, then Employer Contributions for each Plan Year shall be allocated to the IRA of each Participant in the same proportion as such Participant's Compensation for the Plan Year bears to the total Compensation of all Participants for such year.
2. **Integrated Allocation Formula.** If the Employer has selected the integrated allocation formula in the Adoption Agreement, then Employer Contributions for the Plan Year will be allocated to Participants' IRAs as follows:
- Step 1** Employer Contributions will be allocated to each Participant's IRA in the ratio that each Participant's total Compensation bears to all Participants' total Compensation, but not in excess of three percent of each Participant's Compensation.
- Step 2** Any Employer Contributions remaining after the allocation in Step One will be allocated to each Participant's IRA in the ratio that each Participant's Compensation for the Plan Year in excess of the integration level bears to the Compensation of all Participants in excess of the integration level, but not in excess of three percent of the Participant's Compensation.

For purposes of this Step Two, in the case of any Participant who has exceeded the cumulative permitted disparity limit described below, such Participant's total Compensation for the calendar year will be taken into account.

- Step 3** Any Employer Contributions remaining after the allocation in Step Two will be allocated to each Participant's IRA in the ratio that the sum of each Participant's total Compensation and Compensation in excess of the integration level bears to the sum of all Participants' total Compensation and Compensation in excess of the integration level, but not in excess of the maximum disparity rate described in the table below. For purposes of this Step Three, in the case of any Participant who has exceeded the cumulative permitted disparity limit described below, two times such Participant's total compensation for the calendar year will be taken into account.
- Step 4** Any Employer Contributions remaining after the allocation in Step Three will be allocated to each Participant's IRA in the ratio that each Participant's total Compensation for the Plan Year bears to all Participants' total Compensation for that Plan Year.

The integration level shall be equal to the Taxable Wage Base or such lesser amount elected by the Employer in the Adoption Agreement.

Integration Level	Maximum Disparity Rate
Taxable Wage Base (TWB)	2.7%
More than \$0 but not more than X*	2.7%
More than X* of TWB but not more than 80 percent of TWB	1.3%
More than 80 percent of TWB but not more than TWB	2.4%

\*X means the greater of \$10,000 or 20 percent of TWB.

**Annual overall permitted disparity limit.** Notwithstanding the preceding paragraphs, for any calendar year this Plan benefits any Participant who benefits under another Simplified Employee Pension plan or qualified plan described in Code section 401(a) maintained by the Employer that provides for permitted disparity (or imputes disparity), Employer Contributions under this Plan will be allocated to each Participant's IRA in the ratio that the Participant's total Compensation for the calendar year bears to all Participants' total Compensation for that year.

**Cumulative permitted disparity limit.** If the Participant has not benefited under a defined benefit or target benefit plan for any year beginning on or after January 1, 1994, the Participant has no cumulative permitted disparity limit. Effective for calendar years beginning on or after January 1, 1995, the cumulative permitted disparity limit for a Participant who has benefited under a defined benefit or target benefit plan is 35 total cumulative permitted disparity years. Total cumulative permitted disparity years means the number of years credited to the Participant for allocation or accrual purposes under this Plan or any other Simplified Employee Pension plan or any qualified plan described in Code section 401(a) (whether or not terminated) ever maintained by the Employer. For purposes of determining the Participant's cumulative permitted disparity limit, all years ending in the same calendar year are treated as the same year.

**C. Timing of Employer Contribution.** Employer Contributions, if any, made on behalf of Participants for a Plan Year shall be allocated and deposited to the IRA of each Participant no later than the due date for filing the Employer's tax return (including extensions).

**4.02 TOP-HEAVY PLAN** The following mandatory minimum allocation applies when this Plan is a Top-Heavy Plan:

Unless another plan of the Employer is designated in the Adoption Agreement to satisfy the top-heavy requirements of Code section 416, each year this Plan is a Top-Heavy Plan, the Employer will make a minimum contribution to the IRA of each Participant who is not a Key Employee of at least three percent of the Participant's Compensation. However, in the event that no Key Employee receives a contribution (including Elective Deferrals) of three percent or more for the applicable Plan Year, the Participant who is not a Key Employee need only receive a contribution which is no less than the highest contribution percentage received by any Key Employee.

For purposes of satisfying the minimum contribution requirement of Code section 416, all Employer Contributions under the plan shall be taken into account, but Elective Deferrals shall not be taken into account.

A Key Employee is any Employee or former Employee or beneficiary(ies) of such Employee who at any time during the preceding Plan Year was (a) an officer of the Employer with Compensation greater than \$130,000 (as adjusted under Code section 416(i)(1)(A)); (b) a five-percent owner of the Employer as defined in Code section 416(i)(1)(B)(i); or (c) a one-percent owner of the Employer with Compensation greater than \$150,000.

This plan is a Top-Heavy Plan for a Plan Year if, as of the last day of the preceding Plan Year (or current Plan Year if this is the first year of the Plan), the total of Employer Contributions made on behalf of Key Employees for all the years this SEP has been in existence exceeds 60 percent of such contributions for all Employees. If the Employer maintains (or maintained within the preceding Plan Year) any other SEP or qualified plan in which a Key Employee participates (or participated), the contributions, account balances, or present value of accrued benefits, whichever is applicable, must be aggregated with the contributions made under this Plan. The contributions (and account balances and present value of accrued benefits, if applicable) of an Employee who ceases to be a Key Employee, or of an individual who has not performed services for the Employer in the preceding Plan Year, shall be disregarded. The identification of Key Employees and the top-heavy calculation shall be determined in accordance with Code section 416 and any guidance issued thereunder.

**4.03 VESTING AND WITHDRAWAL RIGHTS** All Employer Contributions made under the Plan on behalf of Employees shall be fully vested and nonforfeitable at all times. Each Employee shall have an unrestricted right to withdraw at any time all or a portion of the Employer Contributions made on his or her behalf. However, withdrawals taken are subject to the same taxation and penalty provisions of the Code, which are applicable to IRA distributions.

**4.04 SIMPLIFIED EMPLOYER REPORTS** The Employer shall furnish Participant reports, relating to contributions made under the Plan, in the time and manner and containing the information prescribed by the Secretary of the Treasury. Such reports shall be furnished at least annually and shall disclose the amount of the contribution made under the Plan to the Participant's IRA.

**4.05 DEDUCTIBILITY OF CONTRIBUTIONS** Contributions to the Plan are deductible by the Employer for the taxable year with or within which the Plan Year of the 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.

## SECTION FIVE: COMPENSATION AND PLAN YEAR ELECTIONS

Except as otherwise provided in the Adoption Agreement, Compensation shall mean W-2 wages and the Plan Year shall mean the 12-consecutive month period which coincides with the Adopting Employer's fiscal year.



## SECTION SIX: AMENDMENT OR TERMINATION OF PLAN

- 6.01 **AMENDMENT BY EMPLOYER** The Employer reserves the right to amend the elections made or not made in the Adoption Agreement by executing a new Adoption Agreement. The Employer shall neither have the right to amend any nonelective provision of the Adoption Agreement nor the right to amend provisions of this Basic Plan Document. If the Employer adopts an amendment to the Adoption Agreement or Basic Plan Document in violation of the preceding sentence, the Plan will be deemed to be an individually designed plan and may no longer participate in this prototype Plan.
- 6.02 **AMENDMENT OR TERMINATION OF SPONSORSHIP BY PROTOTYPE SPONSOR** The Employer, by adopting the Plan, expressly delegates to the Prototype Sponsor the power, but not the duty, to amend the Plan without any further action or consent of the Employer as the Prototype Sponsor deems either necessary for the purpose of adjusting the Plan to comply with all laws and applicable Regulations governing Simplified Employee Pension plans, or desirable to the extent consistent with such laws and applicable Regulations. Specifically, it is understood that the amendments may be made unilaterally by the Prototype Sponsor. However, it shall be understood that the Prototype Sponsor shall be under no obligation to amend the Plan documents and the Employer expressly waives any rights or claims against the Prototype Sponsor for not exercising this power to amend.
- An amendment by the Prototype Sponsor shall be accomplished by giving notice to the Adopting Employer of the amendment to be made. The notice shall set forth the text of such amendment and the date such amendment is to be effective. Such amendment shall take effect unless, within the 30-day period after such notice is provided, or within such shorter period as the notice may specify, the Adopting Employer gives the Prototype Sponsor written notice of refusal to consent to the amendment. Such written notice of refusal shall have the effect of withdrawing the Plan as a prototype plan and shall cause the Plan to be considered an individually designed plan. The right of the Prototype Sponsor to cause the Plan to be amended shall terminate should the Plan cease to conform as a prototype plan as provided in this or any other section.
- In addition to the amendment rights described above, the Prototype Sponsor shall have the right to terminate its sponsorship of this Plan by providing notice to the Adopting Employer of such termination. Such termination of sponsorship shall have the effect of withdrawing the Plan as a prototype plan and shall cause the Plan to be considered an individually designed plan. The Prototype Sponsor shall have the right to terminate its sponsorship of this Plan regardless of whether the Prototype Sponsor has terminated sponsorship with respect to other employers adopting its prototype Plan.
- 6.03 **LIMITATIONS ON POWER TO AMEND** No amendment by either the Employer or the Prototype Sponsor shall reduce or otherwise adversely affect any Participant's benefits acquired prior to such amendment unless it is required to maintain compliance with any law, regulation, or administrative ruling pertaining to Simplified Employee Pension plans.
- 6.04 **TERMINATION** While the Employer expects to continue the Plan indefinitely, the Employer shall not be under any obligation or liability to continue contributions or to maintain the Plan for any given length of time. The Employer may terminate this Plan at any time by appropriate action of its managing body.
- 6.05 **NOTICE OF AMENDMENT OR TERMINATION** Any amendment or termination shall be communicated by the Employer to all appropriate parties as required by law. Amendments made by the Prototype Sponsor shall be furnished to the Employer and communicated by the Employer to all appropriate parties as required by law.
- 6.06 **CONTINUANCE OF PLAN BY SUCCESSOR EMPLOYER** A successor of the Employer may continue the Plan and be substituted in the place of the present Employer.
- 6.07 **SENDING OF NOTICES** To the extent written instructions or notices are required under this Plan, the Prototype Sponsor or Employer may accept or provide such information in any other form permitted by the Code or related Regulations. Any required notice will be considered effective when it is sent to the intended recipient at the last known address which is on file with the provider of the notice.
- 6.08 **LIMITATION OF LIABILITY** The Prototype Sponsor, trustee, custodian, or issuer of this Plan shall not be liable for any losses incurred by the IRA by any direction to invest communicated by the Employer, or any Participant or beneficiary. It is specifically understood that the Prototype Sponsor, trustee, custodian, or issuer shall have no duty or responsibility with respect to the determination of the adequacy of contributions to the Plan and enforcing the payment of such contributions. In addition, it is specifically understood that the Prototype Sponsor, trustee, custodian, or issuer shall have no duty or responsibility with respect to the determination of matters pertaining to the eligibility of any Employee to become a Participant or remain a Participant hereunder; it being understood that all such responsibilities under the Plan are vested in the Employer. Finally, it is specifically understood that the Prototype Sponsor shall have no responsibility for IRAs maintained by Participants at IRA trustees, custodians, or issuers other than the Prototype Sponsor.

## SECTION SEVEN: SALARY DEFERRAL SEP PROVISIONS

In addition to Sections One through Six of the Plan, the provisions of Section Seven shall apply if the Adopting Employer is an eligible employer and has adopted a salary deferral simplified employee pension plan (SARSEP) by indicating in the Adoption Agreement that Elective Deferrals are permitted. The Elective Deferrals will be contributed by the Employer to the IRA established by or on behalf of each Contributing Participant to accept contributions made under this SARSEP.

This Plan is an amendment to the Adopting Employer's existing SARSEP that is intended to qualify under Code section 408(k)(6) and any guidance issued thereunder. This amendment shall be effective upon adoption.

- 7.01 **ELECTIVE DEFERRALS AND CATCH-UP CONTRIBUTIONS**  
Elective Deferrals shall be permitted for a Plan Year only if (a) not less than 50 percent of the Employees eligible to participate elect to have Elective Deferrals made to the Plan on their behalf; and (b) the Employer had no more than 25 Employees at all times during the prior Plan Year who were eligible to participate in the Plan.
- Subject to the limits described in Section 7.07 of the Plan, the amount of Elective Deferrals so contributed shall be the amount required by the salary reduction agreements of Contributing Participants.
- A. **Elective Deferrals.** Elective Deferrals are contributions made by the Employer on behalf of a Contributing Participant pursuant to Section 7.07 of the Plan. Elective Deferrals shall be deemed to be Employer Contributions for purposes of (a) the contribution limits described in Section 4.01(B) of the Plan; (b) the vesting and withdrawal rights described in Section 4.03 of the Plan; and (c) determining whether this Plan is a Top-Heavy Plan as described in Section 4.02 of the Plan.

Elective Deferrals made on behalf of Contributing Participants for a Plan Year shall be allocated and deposited to the IRA of each Contributing Participant by the earlier of (1) the first date on which such Elective Deferrals can be reasonably segregated from the Employer's general assets or, (2) 15 business days after the end of the month in which the Elective Deferrals were deducted.

No Elective Deferrals may be based on Compensation a Participant received, or had a right to receive, before execution of a salary reduction agreement by the Participant.

- B. **Catch-Up Contribution.** Unless otherwise specified in Section Seven in the Adoption Agreement, an eligible Employee who will attain age 50 on or before the end of the calendar year can elect to have his or her Elective Deferrals increased above the otherwise applicable limits specified in the Plan made by the Employer, above any dollar or percentage limit applicable to eligible employees. The additional amount shall not be greater than \$1,000 for 2002, \$2,000 for 2003, \$3,000 for 2004, \$4,000 for 2005, and \$5,000 for 2006 and later years. After 2006, the additional amount will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code section 414(v)(2)(C). Such adjustments will be in multiples of \$500. Catch-Up Contributions will be determined in accordance with Code section 414(v) and any guidance issued thereunder.
- 7.02 **REQUIREMENTS TO ENROLL AS A CONTRIBUTING PARTICIPANT**  
A Contributing Participant is an Employee who has met the eligibility requirements and who has enrolled as a Contributing Participant pursuant to this Section of the Plan and on whose behalf the Employer is contributing Elective Deferrals.

Each Employee who becomes a Participant may enroll as a Contributing Participant. A Participant shall be eligible to enroll as a Contributing Participant on the first day of any Plan Year, the first day of the seventh month of any Plan Year and any more frequent dates as the Employer may designate in a uniform and nondiscriminatory manner.

**7.03 SALARY REDUCTION AGREEMENT** A Participant may elect to have Elective Deferrals made under this Plan through either single-sum or continuing contributions, or both, pursuant to a salary reduction agreement. The Employer shall contribute to each Contributing Participant's IRA the amount of Elective Deferrals chosen by the Contributing Participant.

**A. Modification of Salary Reduction Agreement.** A Contributing Participant may modify his or her salary reduction agreement to increase or decrease (within the limits placed on Elective Deferrals in the Adoption Agreement) the amount of his or her Compensation deferred into his or her IRA under the Plan. Such modification may only be made prospectively effective as of the first day of any Plan Year, the first day of the seventh month of any Plan Year, and any more frequent dates as the Employer may designate in a uniform and nondiscriminatory manner. A Contributing Participant who desires to make such a modification shall complete, sign, and file a new salary reduction agreement with the Employer at least 30 days (or such lesser period of days as the Employer shall permit in a uniform and nondiscriminatory manner) before the modification is to become effective.

**B. Withdrawal as a Contributing Participant.** A Participant may withdraw as a Contributing Participant as of the last date preceding the first day of any Plan Year, the first day of the seventh month of any Plan Year, and any more frequent dates as the Employer may designate in a uniform and nondiscriminatory manner. A Participant shall withdraw as a Contributing Participant by revoking his or her authorization to the Employer to make Elective Deferrals on his or her behalf. A Participant who desires to withdraw as a Contributing Participant shall give written notice of withdrawal to the Employer at least 30 days (or such lesser period of days as the Employer shall permit in a uniform and nondiscriminatory manner) before the effective date of withdrawal. A Participant shall cease to be a Contributing Participant upon his or her termination of employment, or on account of termination of the Plan.

**C. Return as Contributing Participant After Withdrawal.** A Participant who has withdrawn as a Contributing Participant under Section 7.03(B) of the Plan may not become a Contributing Participant again until the first day of the first Plan Year following the effective date of his or her withdrawal as a Contributing Participant.

**7.04 ACTUAL DEFERRAL PERCENTAGE (ADP) TEST LIMITS**

**A. Excess Contributions.** Elective Deferrals (other than Catch-Up Contributions determined before application of the deferral percentage limitation) by a Highly Compensated Employee must satisfy the actual deferral percentage (hereinafter "ADP") limitation under Code section 408(k)(6). The ADP of any Highly Compensated Employee who is eligible to be a Contributing Participant shall not be more than the product obtained by multiplying the average of the ADPs of all non-Highly Compensated Employees who are eligible to become Contributing Participants during the Plan Year by 1.25. For purposes of this Section of the Plan, an Employee's ADP is the ratio (expressed as a percentage) of his or her Elective Deferrals (other than Catch-Up Contributions), for the Plan Year to his or her Compensation for the Plan Year. The ADP of an Employee who is eligible to be a Contributing Participant, but who does not make Elective Deferrals during the Plan Year is zero. The determination of the ADP for any Employee is to be made in accordance with Code sections 408(k)(6) and 414(v) and any guidance issued thereunder.

Amounts in excess of the ADP limitation will be deemed Excess Contributions on behalf of the Highly Compensated Employee or Employees.

**B. Distribution of Excess Contributions.** The Employer shall notify each affected Participant who is a Highly Compensated Employee, within 2½ months following the end of the Plan Year to which the SEP Plan contributions relate, of any Excess Contributions to such Participant's IRA for the applicable Plan Year. Such notification shall specify the amount of the Excess Contributions and the calendar year in which the contributions are includible in income, and must provide an explanation of applicable penalties if the Excess Contributions are not withdrawn in a timely manner. Excess Contributions of a Contributing Participant who will attain age 50 on or before the end of the calendar year are not includible in income and do not have to

be withdrawn to the extent such Contributing Participant has not reached the Catch-Up Contribution limit for the Plan Year to which the Excess Contributions relate.

Excess Contributions that are includible in the Contributing Participant's gross income are includible on the earliest dates any Elective Deferrals made on behalf of the Contributing Participant during the Plan Year would have been received by the Contributing Participant had he or she originally elected to receive the amounts in cash. However, if such Excess Contributions (not including allocable income) total less than \$100, then the Excess Contributions are includible in the Contributing Participant's gross income in the year of notification. Income allocable to such Excess Contributions is includible in the year of withdrawal from the IRA.

If the Employer fails to notify any of the affected Contributing Participants within 2½ months following the end of the Plan Year of an Excess Contribution, the Employer must pay a tax equal to 10 percent of the Excess Contribution. If the Employer fails to notify Contributing Participants by the end of the Plan Year following the Plan Year in which the Excess Contributions arose, the SEP Plan no longer will be considered to meet the requirements of Code section 408(k)(6). If the SEP Plan no longer meets the requirements of Code section 408(k)(6), then any contribution to a Contributing Participant's IRA will be subject to the IRA contribution limitations of Code sections 219 and 408 and thus may be considered an Excess Contribution to the Contributing Participant's IRA.

The notification to each affected Contributing Participant of the Excess Contributions must specifically state, in a manner calculated to be understood by the average Contributing Participant:

- (a) the amount of the Excess Contributions attributable to that Contributing Participant's Elective Deferrals;
- (b) the calendar year in which the Excess Contributions are includible in gross income, to the extent applicable; and
- (c) to the extent applicable, that the Contributing Participant must withdraw the Excess Contributions (and allocable income) from the IRA by April 15 following the year of notification by the Employer. Those Excess Contributions not withdrawn by April 15 following the year of notification will be subject to the IRA contribution limitations of Code sections 219 and 408 for the preceding calendar year and thus may be considered an Excess Contribution to the Contributing Participant's IRA. Such Excess Contributions may be subject to the six-percent tax on Excess Contributions under Code section 4973. If income allocable to an Excess Contribution is not withdrawn by April 15 following the year of notification by the Employer, the income may be subject to the 10-percent tax on early distributions under Code section 72(t) when withdrawn.

**7.05 RESTRICTION ON TRANSFERS AND WITHDRAWALS** The Employer shall notify each Contributing Participant who makes an Elective Deferral for a Plan Year that, notwithstanding the prohibition on withdrawal restrictions contained in this Plan, any amount attributable to such Elective Deferrals which is withdrawn or transferred before the earlier of 2½ months after the end of the particular Plan Year and the date the Employer notifies its Employees that the ADP limitations have been calculated, will be includible in income for purposes of Code sections 72(t) and 408(d)(1).

**7.06 PARTICIPATION REQUIREMENT**

**A. Disallowed Deferrals.** If the 50-percent participation requirement described in this Section of the Plan is not satisfied as of the end of any Plan Year, all Elective Deferrals made by Contributing Participants for that Plan Year shall be considered Disallowed Deferrals, (i.e., IRA contributions that are not SEP contributions).

**B. Distribution of Disallowed Deferrals.** The Employer shall notify each Contributing Participant, within 2½ months after the end of the Plan Year to which the Disallowed Deferrals relate, that the amounts are no longer considered Elective Deferrals. Such notification shall specify the amount of the Disallowed Deferrals and the calendar year in which they are includible in income and must provide an explanation of applicable penalties if the Disallowed Deferrals are not withdrawn in a timely fashion.

The notice to each Contributing Participant must state specifically

- (a) the amount of the Disallowed Deferrals;
- (b) that the Disallowed Deferrals are includible in the Contributing Participant's gross income for the calendar year or years in which the amounts deferred would have been received by the Contributing Participant in cash had he or she not made an election to defer and

that the income allocable to such Disallowed Deferrals is includible in the year withdrawn from the IRA; and

- (c) that the Contributing Participant must withdraw the Disallowed Deferrals (and allocable income) from the IRA by April 15 following the calendar year of notification by the Employer. Those Disallowed Deferrals not withdrawn by April 15 following the year of notification will be subject to the IRA contribution limitations of Code sections 219 and 408 and thus may be considered an Excess Contribution to the Contributing Participant's IRA. Disallowed Deferrals may be subject to the six-percent tax on Excess Contributions under Code section 4973. If income allocable to a Disallowed Deferral is not withdrawn by April 15 following the year of notification by the Employer, the income may be subject to the 10-percent tax on early distributions under Code section 72(t) when withdrawn.

Disallowed Deferrals are reported in the same manner as are Excess Contributions.

#### 7.07 INDIVIDUAL LIMITATION ON CONTRIBUTIONS

- A. **Maximum Deferral Amount.** Under no circumstances may a Contributing Participant's Elective Deferrals in any calendar year exceed the lesser of 25 percent of his or her Compensation (determined without including the salary deferral contributions) or the limitation under Code section 402(g)(1) (without regard to Code section 402(g)(1)(C)) based on all of the plans of the Employer, unless the Contributing Participant will attain age 50 on or before the end of the calendar year. For such Contributing Participant, the limits in this paragraph are increased by the Catch-Up Contribution limit for the year. The limitation under Code section 402(g)(1) (without regard to Code section 402(g)(1)(C)) is \$11,000 for 2002, \$12,000 for 2003, \$13,000 for 2004, \$14,000 for 2005, and \$15,000 for 2006 and later years. After 2006, the limitation may be adjusted by the Secretary of the Treasury for cost-of-living increases under Code section 402(g)(4). Such adjustments will be in multiples of \$500.

If an Employee exceeds the limitation as described under Section 7.07(A) of the Plan, those Elective Deferrals made by the Contributing Participant for the calendar year will be considered Excess Elective Deferrals.

- B. **Distribution of Excess Elective Deferrals.** To the extent that a Contributing Participant's Elective Deferrals (other than Catch-Up Contributions determined before application of the ADP limitation) for a calendar year exceed the limits described in Section 7.07(A) of the Plan for that particular calendar year, the Contributing Participant must withdraw the Excess Elective Deferrals (and any income allocable to such amount) by April 15 following the year of the deferral. Excess Elective Deferrals of a Contributing Participant who will attain age 50 on or before the end of the calendar year are not includible in income and do not have to be withdrawn to the extent such Contributing Participant has not reached the Catch-Up Contribution limit for the Plan Year to which the Excess Elective Deferrals relate.
- C. **Other.** If an Employer maintains any other SEP plan to which Employer Contributions are made for a Plan Year, or any qualified plan to which contributions are made for such Plan Year, then Employer Contributions may be limited to the extent necessary to satisfy the maximum contribution limitation under Code section 415(c)(1)(A) (\$40,000 for 2002).

In addition to the dollar limitation of Code section 415(c)(1)(A), Employer Contributions under this Plan, when aggregated with contributions to all other SEP plans and qualified plans of the Employer, generally may not exceed 100 percent of Compensation for any Contributing Participant. If these limits are exceeded on behalf of any Contributing Participant for a particular Plan Year, that Contributing Participant's Elective Deferrals for that year must be reduced to the extent of the excess.

Each Contributing Participant's Elective Deferrals under this Plan may be based only on the first \$200,000 of Compensation (as adjusted for increases in the cost-of-living in accordance with Code section 401(a)(17)(B)).

### SECTION EIGHT: ADOPTING EMPLOYER SIGNATURE

Section Eight of the Adoption Agreement must contain the signature of an authorized representative of the Adopting Employer evidencing the Employer's agreement to be bound by the terms of the Basic Plan Document and Adoption Agreement.

Internal Revenue Service

Department of the Treasury

Prototype Salary Reduction SEP 001  
FFN: 50408712700-001 Case: 200201789 EIN: 13-2741729  
Letter Serial No: K410756b

Washington, DC 20224

PERSHING LLC  
ONE PERSHING PLAZA  
JERSEY CITY, NJ 07399

Contact Person: Ms. Arrington 50-00197

Telephone Number: (202) 283-8811

Refer Reply to: EP:RA:T

Date: 01/10/2003

Dear Applicant:

In our opinion, the amendment to the form of your Simplified Employee Pension (SEP) arrangement does not adversely affect its acceptability under section 408(k) of the Internal Revenue Code, with respect to an employer's SEP that by its terms in effect on December 31, 1996, provided that an employee may make the salary reduction election described in Code section 408(k)(6)(A). This SEP arrangement is approved for use only in conjunction with an Individual Retirement Arrangement (IRA) which meets the requirements of Code section 408 and has received a favorable opinion letter, or a model IRA (Forms 5305 and 5305-A).

An employer who adopts this approved prototype plan to amend a SEP that by its terms as in effect on December 31, 1996, provided that an employee may make the salary reduction election described in Code section 408(k)(6)(A) will be considered to have a retirement savings program that satisfies the requirements of Code section 408 provided that it is used in conjunction with an approved IRA. Please provide a copy of this letter to each adopting employer.

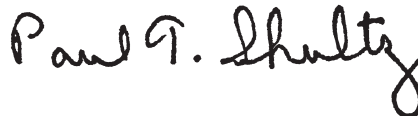
Code section 408(l) and related regulations require that employers who adopt this SEP arrangement furnish employees in writing certain information about this SEP arrangement and annual reports of savings program transactions.

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

If you have any questions concerning IRS processing of this case, call us at the above telephone number. Please refer to the Letter Serial Number and File Folder Number shown in the heading of this letter. Please provide those adopting this plan with your phone number, and advise them to contact your office if they have any questions about the operation of this plan.

You should keep this letter as a permanent record. Please notify us if you terminate the form of this plan.

Sincerely yours,



Director,  
Employee Plans Rulings & Agreements



# Simplified Employee Pension Plan

## Instructions for Completing Adoption Agreement

*These instructions are designed to help you, the Employer, along with your attorney and/or tax advisor, establish your SEP Plan. The instructions are meant to be used only as a general guide and are not intended as a substitute for qualified legal or tax advice.*

### Adoption Agreement

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If you wish to have Pershing LLC sponsoring this prototype Plan, help you fill out the Adoption Agreement, we will do so. However, we recommend that you obtain the advice of your legal or tax advisor before you sign the Adoption Agreement.

### Employer Information

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Fill in the requested information.

#### SECTION 1. ESTABLISHMENT AND PURPOSE OF PLAN

There are no elections required for Section One. Refer to the Basic Plan Document for information regarding this section.

#### SECTION 2. EFFECTIVE DATES

This SEP Plan is either a new Plan (an initial adoption) or an amendment and restatement of an existing SEP Plan.

If this is a new SEP Plan, check Option A and fill in the Effective Date. The Effective Date is usually the first day of the plan year in which this Adoption Agreement is signed. For example, if an Employer maintains a Plan on a calendar year basis and this Adoption Agreement is signed on September 24, 2002, the Effective Date would be January 1, 2002.

If the reason you are adopting this Plan is to amend and replace an existing SEP Plan, check Option B. The existing SEP Plan which will be replaced is called a "Prior Plan." You will need to know the Effective Date of the Prior Plan. The best way to determine its Effective Date is to refer to the Prior Plan Adoption Agreement. The Effective Date of this amendment and restatement is usually the first day of the Plan Year in which the Adoption Agreement is signed.

#### SECTION 3. ELIGIBILITY AND PARTICIPATION

**NOTE:** Section Three should be completed even if you do not have Employees.

Within limits, you as the Employer can specify the number of years your Employees must work for you and the age they must attain before they are eligible to participate in this Plan. Note that the eligibility requirements which you set up for the Plan also apply to you.

Suppose, for example, you establish a service requirement of three of the immediately preceding five years and an age requirement of 21. In that case, only those Employees (including yourself) who have worked for you for three of the immediately preceding five years and are at least 21 years old are eligible to participate in this Plan.

Part A. Service Requirement

Fill in the number of years of service. This number must be either 0, 1, 2, or 3.

If Employees will be given credit for service with a predecessor Employer, fill in the name of the predecessor Employer.

Part B. Age Requirement

Fill in the age an Employee must attain (no more than 21) to be eligible to participate in the Plan.

Part C. Employees Employed as of Effective Date

Check Option 1 if Employees employed as of the Effective Date of the Plan who have not met the Plan age and service requirements will be deemed to have met those requirements. If not, check Option 2.

Part D. Class of Employees Eligible to Participate

1. Generally you are permitted to exclude Employees covered by the terms of a collective bargaining agreement (e.g., a union agreement) where retirement benefits were bargained for. If you wish to exclude those Employees, check the first box under Section Three, Part D.
2. You are permitted to exclude those Employees who are non-resident aliens with no U.S. income. If you wish to exclude those Employees, check the second box under Section Three, Part D.
3. You are permitted to exclude those Employees that are classified as Acquired Employees due to an acquisition or similar transaction described in the Code (during a transition period). If you wish to exclude those Employees, check the third box under Section Three, Part D.
4. You are permitted to exclude those Employees who have received less than \$450 (indexed for cost-of-living increases) of Compensation during the Plan Year. If you want to exclude those Employees, check the fourth box under Section Three, Part D.

## SECTION 4. CONTRIBUTIONS AND ALLOCATIONS

### Part A. Contribution Formula

#### Option 1. Discretionary Formula

Check this option if you want this SEP Plan to allow for flexible contributions that will be determined from year to year.

#### Option 2. Fixed Percent of Profits Formula

Check this option if you want this SEP Plan to require a fixed contribution from year to year. Fill in the applicable contribution percentage and dollar amount.

#### Option 3. Not Applicable

This option should be checked if the Employer will not make Employer contributions to this Plan.

### Part B. Allocation Formula

Once the contribution amount has been decided for a Plan Year, it must be allocated among the Participants in the Plan. The contribution can be allocated using either a pro rata formula, a flat dollar formula, or an integrated formula. Check Option 1, 2, or 3.

#### Option 1. Pro Rata Formula

Check this option if you wish to have the contribution allocated to all Participants based on their Compensation for the Plan Year.

#### Option 2. Flat Dollar Formula

Check this option if you wish to contribute the same dollar amount for each Participant.

#### Option 3. Integrated Formula

Check this option if the plan is to be integrated. Generally, integration is a method of giving some Participants in the Plan an extra contribution allocation. Because of the complexity of integration, you should consult your tax advisor regarding this issue.

### Part C. Top Heavy Minimum Allocation

Choose if you wish to make the required top-heavy contribution to this Plan or to another plan you maintain (if applicable).

## SECTION 5. COMPENSATION AND PLAN YEAR ELECTIONS

This Section allows you to define Compensation for purposes of Employer Contributions to the Plan, and also the time period the Plan will use to determine the Plan Year.

### Part A. Compensation

Select either Option 1, 2, or 3 depending on how the Plan will define Compensation for purposes of Employer Contributions. Refer to the Definitions Section of the Plan for a description as to the Code requirements for each of these choices.

### Part B. Plan Year

The Plan allows you to determine the Plan Year based on the 12-consecutive month period that coincides with your taxable year, the calendar year, or another 12-consecutive month period. Select the appropriate option that will define the Plan Year.

## SECTION 6. AMENDMENT OR TERMINATION OF PLAN

There are no elections required for Section Six. Refer to the Basic Plan Document for information regarding this section.

## SECTION 7. SALARY DEFERRAL SEP PROVISIONS

**NOTE:** This section may not be used to establish a new Salary Deferral SEP plan on or after January 1, 1997. You may, however, amend and restate a Salary Deferral SEP plan that was in existence prior to January 1, 1997.

### Part A. Limits on Elective Deferrals

A limit may be placed on the Compensation deferred into the Plan by each Contributing Participant. The limit may be either a specific dollar amount or a percentage of Compensation.

**NOTE:** A Contributing Participant who attains age 50 on or before the end of the calendar year may elect, if allowed, to defer an additional amount as a Catch-Up Contribution in excess of the amount or percentage of Compensation indicated in Section Seven, Part A of the Adoption Agreement.

### Part B. Separate Deferral Election for Bonuses

Choose whether a Contributing Participant may make a separate deferral election to contribute to the Plan, as an Elective Deferral, part or all of a bonus rather than receive such bonus in cash.

### Part C. Catch-Up Contributions

Choose whether Catch-Up Contributions will be allowed to be contributed to the plan as an Elective Deferral by those eligible Employees that are allowed to make such contributions under the Code.

## SECTION 8. EMPLOYER SIGNATURE

An authorized representative of the employer must sign and date the Adoption Agreement. In addition, the Prototype Sponsor must provide its name, address and telephone number.

## OTHER ITEMS

- Provide an Employee Information Booklet and a completed SEP Summary for Employees to each Employee.
- Make sure that all eligible Employees have established IRAs using a Pershing IRA Adoption Agreement.
- For Salary Deferral SEPs, distribute Salary Reduction Agreements to all eligible Employees for completion.
- For Salary Deferral SEPs, periodically perform nondiscrimination tests by completing the Discrimination Test Worksheet.

-        -1-     
 PARTICIPANT ACCOUNT NUMBER  
   -        -1-     
 PLAN ADMINISTRATOR ACCOUNT NUMBER  
*(If different from Participant Account Number above.)*

# SEP

Prototype SEP

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**Plan** ADOPTION AGREEMENT

**NOTE:** This SEP Adoption Agreement must be accompanied by an IRA Adoption Agreement completed by each participant.

Introducing Financial Organization: \_\_\_\_\_  
 (SEE INSTRUCTIONS)

<b>EMPLOYER INFORMATION</b>	Name of Adopting Employer _____ Address _____ City _____ State _____ Zip _____ Telephone _____ Adopting Employer's Income Tax Year End _____ Adopting Employer's Federal Tax Identification Number _____ (month) (day)
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<b>SECTION 1.</b>	<b>ESTABLISHMENT AND PURPOSE OF PLAN</b> There are no elections required for Section One. Refer to the Basic Plan Document for information regarding this section.
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<b>SECTION 2.</b>	<b>EFFECTIVE DATES</b> <i>Check and complete Option A or B.</i> Option A: <input type="checkbox"/> This is the initial adoption of a Simplified Employee Pension plan by the Adopting Employer. The Effective Date of this Plan is _____. <b>NOTE:</b> <i>The Effective Date is usually the first day of the Plan Year in which this Adoption Agreement is signed.</i> Option B: <input type="checkbox"/> This is an amendment and restatement of an existing Simplified Employee Pension plan (a Prior Plan). The Prior Plan was initially effective on _____. The Effective Date of this amendment and restatement is _____. <b>NOTE:</b> <i>The Effective Date is usually the first day of the Plan Year in which this Adoption Agreement is signed.</i>
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<b>SECTION 3.</b>	<b>ELIGIBILITY AND PARTICIPATION</b> <i>Complete Parts A through D, as appropriate.</i> Part A. Service Requirement An Employee will be eligible to become a Participant in the Plan after having performed service for the Employer during at least _____ (specify 0, 1, 2, or 3) of the immediately preceding five Plan Years. <b>NOTE:</b> <i>If left blank, the service requirement will be deemed to be 0.</i> For purposes of determining whether an Employee has met the service requirement, an Employee shall be given credit for service with the following predecessor employer(s). <i>(Complete if applicable)</i> _____ Part B. Age Requirement An Employee will be eligible to become a Participant in the Plan after attaining age _____ (no more than 21). <b>NOTE:</b> <i>If left blank, it will be deemed there is no age requirements for eligibility.</i> Part C. Employees Employed as of Effective Date Will an Employee employed as of the Effective Date of this plan who has not otherwise met the age and service requirements of the Plan be considered to have met those requirements as of the Effective Date? <i>(Select one)</i> Option 1: <input type="checkbox"/> Yes. Option 2: <input type="checkbox"/> No. <b>NOTE:</b> <i>If no option is selected, Option 2 shall be deemed to be selected.</i> Part D. Class of Employees Eligible to Participate All Employees shall be eligible to become Participants in the Plan, except the following. <i>(Select any that apply)</i> <input type="checkbox"/> Collective bargaining unit Employees as described in Section 3.02(A) of the Plan. <input type="checkbox"/> Non-resident aliens as described in Section 3.02(B) of the Plan. <input type="checkbox"/> Acquired Employees as described in Section 3.02(C) of the Plan. <input type="checkbox"/> Employees who have received less than \$450 (indexed for cost-of-living increases in accordance with Code section 408(k)(8)) of Compensation from the Employer during the Plan Year as described in Section 3.02(D) of the Plan.
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<b>SECTION 4.</b>	<b>CONTRIBUTIONS AND ALLOCATIONS</b> <i>Complete Parts A through C, as appropriate.</i> Part A. Contribution Formula <i>(Select Option 1, 2, or 3)</i> Option 1: <input type="checkbox"/> Discretionary Formula. For each Plan Year the Employer will contribute an amount to be determined from year to year. Option 2: <input type="checkbox"/> Fixed Percent of Profits Formula. _____ percent of the Employer's profits that are in excess of \$ _____. Option 3: <input type="checkbox"/> Not Applicable. The Employer will not make Employer Contributions to this Plan. <b>NOTE:</b> <i>If no option is selected, Option 1 shall be deemed to be selected.</i>
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Part B.	<p>Allocation Formula (<i>Select Option 1, 2, or 3</i>)</p> <p>Option 1: <input type="checkbox"/> Pro Rata Formula. The Employer Contribution for each Plan Year shall be allocated in the manner described in Section 4.01(B)(1) of the Plan.</p> <p>Option 2: <input type="checkbox"/> Flat Dollar Formula. The Employer Contributions allocated to the IRAs of Participants shall be the same dollar amount for each Participant.</p> <p>Option 3: <input type="checkbox"/> Integrated Formula. The Employer Contribution shall be allocated in the manner described in Section 4.01(B)(2) of the Plan. For purposes of the integrated formula, the integration level shall be: (<i>Select one</i>)</p> <p>Suboption (a): <input type="checkbox"/> The Taxable Wage Base (TWB).</p> <p>Suboption (b): <input type="checkbox"/> _____% of the TWB.</p> <p><b>NOTE:</b> <i>If no Suboption is selected, Suboption (a) (Taxable Wage Base) shall be deemed to be selected.</i></p> <p><b>NOTE:</b> <i>If no option is selected in Part B, Option 1 (Pro Rata Formula) shall be deemed to be selected.</i></p>
Part C.	<p>Top Heavy Minimum Allocation</p> <p>For any Plan Year with respect to which this Plan is a Top-Heavy Plan, any minimum allocation required pursuant to Section 4.02 of the Plan shall be made: (<i>Select one</i>)</p> <p>Option 1: <input type="checkbox"/> To this Plan.</p> <p>Option 2: <input type="checkbox"/> To the following plan maintained by the Employer. (<i>Specify the name and plan sequence number of the plan</i>)</p> <p>_____</p> <p><b>NOTE:</b> <i>If no option is selected, Option 1 shall be deemed to be selected.</i></p>
<b>SECTION 5.</b>	
<b>COMPENSATION AND PLAN YEAR ELECTIONS</b> <i>Complete Parts A and B, as appropriate.</i>	
Part A.	<p>Compensation</p> <p>For purposes of Employer Contributions, Compensation will mean all of each Participant's: (<i>Select one</i>)</p> <p>Option 1: <input type="checkbox"/> W-2 wages.</p> <p>Option 2: <input type="checkbox"/> Section 3401(a) wages.</p> <p>Option 3: <input type="checkbox"/> 415 safe-harbor compensation.</p> <p><b>NOTE:</b> <i>If no option is selected, Option 1 shall be deemed to be selected.</i></p>
Part B.	<p>Plan Year (<i>Select one</i>)</p> <p>Option 1: <input type="checkbox"/> The 12-consecutive month period which coincides with the Adopting Employer's fiscal year.</p> <p>Option 2: <input type="checkbox"/> The calendar year.</p> <p>Option 3: <input type="checkbox"/> Other 12-consecutive month period. (<i>Specify a 12-consecutive month period selected in a uniform and nondiscriminatory manner.</i>) _____</p> <p><b>NOTE:</b> <i>If no option is selected, Option 1 shall be deemed to be selected.</i></p> <p>If the initial Plan Year is a short Plan Year (<i>i.e., less than 12 months</i>), specify such Plan Year's beginning and ending dates.</p> <p>_____</p>
<b>SECTION 6.</b>	
There are no elections required for Section Six. Refer to the Basic Plan Document for information regarding this section.	
<b>SECTION 7.</b>	
<b>SALARY DEFERRAL SEP PROVISIONS</b> <i>Complete Parts A through C, as appropriate.</i>	
<b>NOTE:</b> <i>This Section may not be used to establish a new Salary Deferral SEP plan on or after January 1, 1997. You may, however, amend and restate a Salary Deferral SEP plan that was in existence prior to January 1, 1997.</i>	
Part A.	<p>Limits on Elective Deferrals</p> <p>A Contributing Participant may elect under a salary reduction agreement to have his or her Compensation reduced by an amount not in excess of \$ _____ or _____% of Compensation.</p> <p><b>NOTE:</b> <i>A Contributing Participant who attains age 50 on or before the end of the calendar year may elect, if allowed in Section 7, Part C of this Adoption Agreement, to defer an additional amount, in excess of the amount or percentage of Compensation specified above, pursuant to Section 7.07 of the Plan.</i></p>
Part B.	<p>Separate Deferral Election for Bonuses</p> <p>Instead of or in addition to making Elective Deferrals through payroll deduction, may a Contributing Participant make a separate deferral election to contribute to the Plan, as an Elective Deferral, part or all of a bonus rather than receive such bonus in cash? (<i>Select one</i>)</p> <p>Option 1: <input type="checkbox"/> Yes. Option 2: <input type="checkbox"/> No.</p> <p><b>NOTE:</b> <i>If no Option is selected, Option 2 shall be deemed to be selected. A separate deferral election made with respect to a bonus shall not be subject to the limits described under the portion of this Adoption Agreement titled "Limits on Elective Deferrals" unless such limits are prescribed by the Code or related Regulations.</i></p>
Part C.	<p>Catch-Up Contributions</p> <p>Will Catch-Up Contributions, as described in Section 7.01(B) of the Plan, be permitted under this Plan? (<i>Select one</i>)</p> <p>Option 1: <input type="checkbox"/> Yes. Option 2: <input type="checkbox"/> No.</p> <p><b>NOTE:</b> <i>If no option is selected, Option 1 will be deemed to be selected.</i></p>
<b>SECTION 8.</b>	
<b>EMPLOYER SIGNATURE</b>	
<b>I acknowledge that I have relied upon my own advisors regarding the completion of this Adoption Agreement and the legal and tax implications of adopting this Plan. I understand that my failure to properly complete this Adoption Agreement may result in adverse tax consequences. I have received a copy of this Adoption Agreement and the Basic Plan Document.</b>	
Signature for Adopting Employer _____ Date Signed _____	
(Type Name)	
Name of Prototype Sponsor <b>Pershing LLC</b>	
Address <b>One Pershing Plaza</b>	
City <b>Jersey City</b> State <b>NJ</b> Zip <b>07399</b>	
Telephone <b>201-413-2000</b>	

*Note to Employer: Before signing this Adoption Agreement, you should obtain the advice of a qualified attorney and tax advisor regarding its completion and the legal and tax implications of adopting this plan.*

# Traditional IRA Custodial Account Agreement

## Traditional Individual Retirement Custodial Account

Form 5305-A (Revised March 2002) under section 408(a) of the Internal Revenue Code (the "Code")

The Depositor whose name appears on the Adoption Agreement is establishing a Traditional Individual Retirement Account (IRA) under section 408(a) to provide for his or her retirement and for the support of his or her Beneficiaries after death.

Pershing LLC (the "Custodian") has given the Depositor the Disclosure Statement required under Regulations section 1.408-6.

The Depositor and the Custodian make the following agreement (the "Agreement"):

### Article I

Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k), or a recharacterized contribution described in section 408A(d)(6), the Custodian will accept only cash contributions up to \$3,000 per year for tax years 2002 through 2004. That contribution limit is increased to \$4,000 for tax years 2005 through 2007 and \$5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to \$3,500 per year for tax years 2002 through 2004, \$4,500 for 2005, \$5,000 for 2006 and 2007, and \$6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any.

### Article II

The Depositor's interest in the balance in the Custodial Account is nonforfeitable.

### Article III

1. 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 trust fund or common investment fund (within the meaning of section 408(a)(5)).

2. 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

1. Notwithstanding any provision of this Agreement to the contrary, the distribution of the Depositor'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.

2. The Depositor's entire interest in the Custodial Account must be, or begin to be, distributed not later than the Depositor's required beginning date, April 1 following the calendar year in which the Depositor reaches age 70½. By that date, the Depositor may elect, in a manner acceptable to the Custodian, to have the balance in the Custodial Account distributed in:

- (a) A single sum, or
- (b) Payments over a period not longer than the life of the Depositor or the joint lives of the Depositor and his or her designated Beneficiary.

3. If the Depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:

- (a) If the Depositor dies on or after the required beginning date, and:
  - (i) the designated Beneficiary is the Depositor'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 one for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.

- (ii) the designated Beneficiary is not the Depositor'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 Depositor and reduced by one for each subsequent year, or over the period in paragraph (a)(iii) below if longer.

- (iii) there is no designated Beneficiary, the remaining interest will be distributed over the remaining life expectancy of the Depositor as determined in the year of the Depositor's death and reduced by one for each subsequent year.

- (b) If the Depositor dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated Beneficiary, in accordance with (ii) below:

- (i) 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 Depositor's death. If, however, the designated Beneficiary is the Depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the Depositor would have reached age 70½. But, in such case, if the Depositor's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (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 (ii) below if there is no such designated Beneficiary.

- (ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the Depositor's death.

4. If the Depositor dies before his or her entire interest has been distributed, and if the designated Beneficiary is not the Depositor's surviving spouse, no additional contributions may be accepted in the Account.

5. The minimum amount that must be distributed each year, beginning with the year containing the Depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:

- (a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the Depositor reaches age 70½, is the Depositor'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 Depositor's designated Beneficiary is his



## Traditional IRA Custodial Account Agreement

or her surviving spouse, the required minimum distribution for a year shall not be more than the Depositor'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 is determined using the Depositor's (or, if applicable, the Depositor's and spouse's) attained age (or ages) in the year.

- (b) The required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the Depositor's death (or the year the Depositor would have reached age 70½, 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 expectancy table in Regulations section 1.401(a)(9)-9 of the individual specified in such paragraphs 3(a) and 3(b)(i)).
- (c) The required minimum distribution for the year the Depositor reaches age 70½ 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.

6. The owner of two or more Traditional IRAs may satisfy the minimum distribution requirements described above by taking from one Traditional IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

### Article V

1. The Depositor agrees to provide the Custodian with all information necessary to prepare any reports required by section 408(i) and Regulations sections 1.408-5 and 1.408-6.

2. The Custodian agrees to submit to the Internal Revenue Service (IRS) and Depositor the reports prescribed by the IRS.

### Article VI

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 section 408(a) and the related regulations will be invalid.

### Article VII

This Agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made with the consent of the persons whose signatures appear on the Application.

### Article VIII

#### 1. Definitions

- (a) "Account," "Custodial Account," or "Plan" shall mean the traditional individual retirement custodial account (Traditional IRA) established hereunder for the benefit of the Depositor and/or his or her Beneficiary or Beneficiaries.
- (b) "Account Application," "Application," or "Adoption Agreement" shall mean the application by which this Account is established by the Agreement between the Participant and the Custodian. The statements contained therein shall be incorporated into this Agreement.
- (c) "Agreement" shall mean this Traditional Individual Retirement Custodial Agreement and Disclosure Statement, including the information and provisions set forth in any Application that goes with this Agreement, as may be amended from time to time. This Agreement, including the Application and the designation of Beneficiary filed with the Custodian, may be proved either by an original copy or a reproduced copy thereof, including,

without limitation, a copy reproduced by photocopying, facsimile transmission, electronic imaging, or other means of electronic transmission.

- (d) "Beneficiary" shall mean the person, persons, entity, or entities (for instance, a trust), designated from time to time by a Participant to receive benefit by reason of the death of the Participant, or the person or persons described in Article VIII, section 5(c) of the Agreement who would otherwise be entitled to receive such benefit.
- (e) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.
- (f) "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. For purposes of this Custodial Account Agreement, the Custodian is Pershing LLC, or BNY N.A., or such other entity identified in the Custodial Account Application.
- (g) "Depositor" or "Participant" shall mean person who establishes the Custodial Account.
- (h) "Financial Institution" shall mean the financial organization, introducing broker-dealer, or Registered Investment Advisor who introduced this Custodial Account to the Participant.
- (i) "Mutual Fund Only IRA" shall mean an Account, established hereunder for the benefit of the Participant and/or his or her Beneficiary or Beneficiaries, in which the Participant shall limit the investments in his or her Account to shares issued by a domestic Regulated Investment Company.

#### 2. Notices and Change of Address

Any required notice regarding this Account will be considered effective when mailed or electronically communicated by the Custodian to the recipient that is on the records of the Custodian. Any notice to be given to the Custodian will be effective when actually received by the Custodian. The last address of the Participant on the records of the Custodian will be the address used for any tax withholding, disbursement, and reporting required by taxing authorities. The Participant will notify the Custodian of any change of address.

#### 3. Representations and Responsibilities

The Participant represents and warrants to the Custodian that any information the Participant has given or will give to the Custodian with respect to this Agreement is complete and accurate. Further, the Participant promises that any direction given by the Participant to the Custodian, or any action taken by the Participant will be proper under this Agreement. The Custodian will not be responsible for the Participant's actions or failures to act. Likewise, the Participant shall not be responsible for the Custodian's actions or failures to act; provided, however, that the Custodian's duties and responsibilities under this Agreement are limited to those specifically stated in the Agreement, and no other or further duties or responsibilities shall be implied.

#### 4. Investment of Contributions

- (a) Direction by Participant. All investment instructions of the Participant shall be accepted by the Custodian subject to and in accordance with the Custodian's established customs and procedures. Each Participant shall direct the Custodian with respect to the investment of all contributions to his or her Account and the earnings thereon. Such direction shall be limited to publicly traded securities, covered call options, covered put options, debit spreads, long put and long call options, mutual funds, money market instruments, and other investments to the extent that they are obtainable through and subject to the custody of the Custodian in the Custodian's regular course of business, and subject to such other limitations as may be agreed to by the Participant and Financial Institution. In the absence of such directions, the Custodian

## Traditional IRA Custodial Account Agreement

shall have no investment responsibility. If a Participant selects a Mutual Fund Only IRA, the Participant shall limit investments in the Account to shares issued by a domestic Regulated Investment Company. However, funds in a Mutual Fund Only IRA can be held in a cash or money market account while awaiting investment. In the event the Participant elects a Mutual Fund Only IRA and does not limit investments to mutual funds only, the Custodian in the Custodian's sole discretion and without prior consent of the Participant may convert the Account from a Mutual Fund Only IRA to the appropriate Account type. All transactions directed by the Participant shall be subject to the rules, regulations, customs, and usages of the exchange, market, or clearing house where executed, and to all applicable federal and state laws and regulations, and to internal policies of the Custodian. The Custodian reserves the right not to accept assets intended for deposit to the Account and may at any time require liquidation or transfer of any asset held in the Account if the Custodian determines that maintaining custody of any such asset is not in accordance with the Custodian's administrative or operational requirements and regular business practices. The Participant understands that the Custodian shall attribute earnings only to assets held in the Account while in the custody of the Custodian. The Participant understands that the income from, and gain or loss on, each investment the Participant selects for the Account will affect the value of the Account, and that the growth in value of the Account cannot be guaranteed or projected.

(i) If the Participant directs the Account to acquire an alternative investment, private investment or any other such investment that requires special handling by the Custodian, the Participant agrees that such investments are subject to the Custodian's administrative and operational requirements, including but not by way of limitation, valuation or reconciliation requirements. If the issuer or sponsor of such investment fails to comply with the Custodian's requirements, the Custodian may require the distribution of the investment from the Account. The Participant agrees that a distribution of the investment is a distribution from the Account, reportable on an IRS Form 1099-R. The Participant agrees that Custodian may use the last known price for reporting purposes, and if no pricing information is available, the Custodian is authorized to value the investment at the original purchase price for reporting purposes.

(b) **Direction by Beneficiary.** Upon notification of death of the Participant, the Account may be divided into separate shares for each Beneficiary who is entitled to receive a share of the Participant's Account, and each Beneficiary's share will be transferred into a separate Account. This permits each Beneficiary to provide investment and distribution directions as to his or her share of the Account. The transfer to separate Account(s) does not create a taxable event for the Beneficiary(ies). In such event, except as otherwise provided in this Agreement or by applicable law or regulations, all rights, duties, obligations and responsibilities of the Participant under the Agreement will extend to the Beneficiary(ies) following the death of the Participant.

If a distribution upon the Participant's death is payable to a Beneficiary known by the Custodian to be a minor or under a legal disability, the Custodian may in its sole discretion take instruction from the parent, guardian, conservator, or other legal representative of such minor or legally disabled person.

(c) **No Duty to Review.** The Custodian shall not be under any duty to review or question any direction of the Participant with respect to investments, to review any securities or other property held in trust, or to make suggestions to the Participant with respect to investments. The Custodian will not be liable for any loss that may result by reason of investments made by the Custodian in accordance with the directions of the Participant. Notwithstanding

the foregoing, the Custodian may review the investments in a Mutual Fund Only IRA in order to confirm the Participant's compliance with subsection (a) above.

- (d) **Delegation of Investment Responsibility.** Regardless of any other provision of this Agreement to the contrary, the Participant may appoint an investment professional or other person to act as the Participant's representative with authority to direct the Custodian with respect to the investment of assets in the Account. The appointment, however, will be effective only if (1) the Custodian has received an executed copy of an agreement between the Participant and the representative in a form and manner acceptable to the Custodian that specifies the authority of the representative to act on behalf of the Participant, and (2) the Custodian does not object to acting on the direction of that person, which objection the Custodian may assert for any reason at any time. If the Participant appoints a representative, as provided for above, references to the Participant in this section ("Investment of Contributions") of this Agreement and in the "Powers, Duties, and Obligations of Custodian" section (Article VIII, section 7) of this Agreement (insofar as pertinent to securities with respect to which the representative has investment authority) are also to that representative. However, all references in this Agreement to the individual whose Account is involved and to the making of contributions and the receipt of distributions are only to the Participant. The Participant may revoke the authority of any representative at any time by notifying the Custodian in a form and manner acceptable to the Custodian and the Custodian shall not be liable in any way for the transactions initiated prior to its receipt of such notice.
- (e) **Uninvested Cash.** The Participant shall direct the Custodian as to the investment of all cash that is not currently invested in assets described in Article VIII, section 4(a), of the Agreement. The Participant or his or her legal representative shall direct the Custodian with respect to the investment of the cash pending distribution. In the absence of such direction, the Custodian shall have no investment responsibility for such cash and the Custodian shall not be liable for holding such cash uninvested.

### 5. Withdrawals

- (a) **Withdrawal Request.** The Participant may withdraw all or part of his or her Account balance at any time. All requests for withdrawal shall be in a form and manner provided by or acceptable to the Custodian. Any withdrawals shall be subject to all applicable tax and other laws and regulations including possible early withdrawal penalties and withholding requirements. If payment is made outside of the United States, special federal income tax withholding rules may apply. Withdrawals from the Account may be made in a single sum, periodic payment, or a combination of both. The Participant authorizes the Custodian to retain such sums as the Custodian may deem necessary for payment of all the Custodian's fees, compensation, costs, and any expenses, including, but not limited to, annual maintenance fees and account termination fees, or for payment of any other liabilities which might constitute a charge to either the Account or the Custodian. The balance of any such reserve remaining after the payment of the above items shall be paid or distributed upon satisfaction of any such charge. The Custodian shall have no duty to ascertain whether any payment or distribution as directed by the Participant is proper under the provisions of the Code, this Agreement, or otherwise.

The Custodian shall not be responsible for the purpose, sufficiency, or propriety of any distribution. The Custodian is only authorized to make distributions in accordance with instructions of the Participant, or after the Participant's death, of his or her Beneficiary, or as otherwise provided for in this Agreement. Such instructions must be given in a form and manner acceptable to the Custodian.

## Traditional IRA Custodial Account Agreement

If the Custodian is unable to make a distribution to a Participant, a Beneficiary, or other distributee because the Custodian cannot ascertain such distributee's whereabouts by writing to the last known mailing address shown on the Custodian's records, if any, the Custodian may hold the proceeds in a noninterest-bearing account until such funds escheat by operation of law. The Beneficiary or Beneficiaries are responsible to ensure that distributions are made in accordance with the provisions of Article IV of the Agreement.

- (b) **Required Distributions.** The Custodian shall notify the Participant of the need to take required minimum distributions once he or she reaches age 70½ and, if requested by the Participant, will calculate the required minimum distribution amount for the Account. The Participant shall be responsible for causing the required minimum distribution amount to be withdrawn from his or her Account each year. Notwithstanding anything in Article IV to the contrary, the Custodian shall not, without the consent of the Participant, distribute the value of the Account where the Participant fails to choose any method of distribution by April 1st of the year following the year the Participant reaches age 70½.
- (c) **Beneficiary Distributions.** A Participant may designate a Beneficiary or Beneficiaries of the Account at any time and any such designation may be changed or revoked at any time, by written designation executed by the Participant in a form and manner prescribed by or acceptable to, and filed with, the Custodian. Such designation, change, or revocation shall be effective only upon receipt and acceptance by the Custodian and only if such receipt shall be during the Participant's lifetime. The latest such accepted designation, change, or revocation shall control.

A Beneficiary designation will NOT automatically be revoked or modified due to the Participant's divorce, legal separation, annulment or other dissolution of marriage.

Following the death of the Participant, the balance of the Participant's Account shall be distributed to the Participant's designated Beneficiary or Beneficiaries, if any, in accordance with the provisions of Article IV of the Agreement and in accordance with the Custodian's administrative or operational requirements and regular business practices, which may change from time to time. The Participant may request additional information concerning the Beneficiary policies and procedures from the Financial Institution.

If there is no primary Beneficiary living at the time of the Participant's death, the balance of the Participant's Account will be payable to the surviving contingent Beneficiary or Beneficiaries designated by the Participant. If there is no Beneficiary designation on file with the Custodian, or if no primary or contingent Beneficiaries survive the Participant, the Custodian shall distribute the Account in the following order of preference:

- (i) The Participant's surviving spouse, if any
- (ii) The Participant's children, if any, in equal shares per stirpes
- (iii) The Participant's estate

If the Participant designates more than one primary or contingent Beneficiary but does not specify the percentages to which such Beneficiary or Beneficiaries are entitled, payment will be made to the surviving Beneficiary or Beneficiaries in equal shares.

Unless otherwise designated by the Participant in a form and manner acceptable to the Custodian, if a primary or contingent Beneficiary designated by the Participant predeceases the Participant, the deceased Beneficiary's percentage allocation will be divided among the surviving Beneficiaries in accordance with the ratio of each surviving Beneficiary's percentage allocation relative to the percentage allocation of all other surviving Beneficiaries.

If a Beneficiary does not predecease the Participant but dies before receiving his or her entire interest in the Account, his or her remaining interest in the Account shall be paid to the Beneficiary or Beneficiaries designated by the deceased Beneficiary. If there is no Beneficiary designation of the deceased Beneficiary on file with the Custodian, the Custodian shall distribute the Account to the survivors of the deceased Beneficiary in the following order of preference:

- (i) The deceased Beneficiary's surviving spouse, if any
- (ii) The deceased Beneficiary's children, if any, in equal shares per stirpes
- (iii) The deceased Beneficiary's estate

In instances of distributions to the Beneficiary's estate, the Custodian shall be permitted to rely on direction from the personal representative of the Beneficiary's estate regarding the appropriate parties to be paid under this designation.

Under no circumstances may a Participant restrict the right of a Beneficiary to name successor Beneficiary(ies) of an inherited Account. Except as otherwise provided in this Agreement or by applicable law or regulations, all rights, duties, obligations and responsibilities of the Participant under the Agreement will extend to spouse and nonspouse Beneficiary(ies) following the death of the Participant.

Custodian reserves the right to take the steps it deems appropriate in validating Beneficiary(ies) after the Participant's death.

- (d) **Account Only Source of Benefits.** The only source of benefit for the Participant, or Beneficiary(ies) of this Traditional IRA shall be the Account.

### 6. Transfer

- (a) **Transfer.** The Custodian shall transfer the Account balance in accordance with the Participant's written instructions and in accordance with this Agreement. The Participant authorizes the Custodian to retain such sums as the Custodian may deem necessary for payment of all fees, compensation, costs, and any expenses, including, but not limited to, annual maintenance fees and account termination fees, or for payment of any other liabilities which might constitute a charge to either the Account or the Custodian. The balance of any such reserve remaining after the payment of the above items shall be transferred upon satisfaction of any such charge. The Custodian shall have no duty to ascertain whether any payment, distribution, or transfer as directed by the Participant is proper under the provisions of the Code, this Agreement, or otherwise.
- (b) **Reopening of Account.** In the event a security is not transferred to a new trustee or custodian, residual assets are not automatically moved to a new trustee or custodian, or checks representing a total Account distribution are not cashed, the Custodian reserves the right to reopen the Account.

### 7. Powers, Duties, and Obligations of Custodian

- (a) **No Investment Discretion.** The Custodian shall have no discretion to direct any investments of the Account and is merely authorized to acquire and hold the particular investments specified by the Participant. The Custodian will not act as investment advisor or counselor to a Participant and will not advise a Participant or offer any opinion or judgment on any matter pertaining to the nature, value, potential value, or suitability of any investment or potential investment by a Participant.
- (b) **Administrative Powers.** The Custodian may hold any securities acquired hereunder in the name of the Custodian without qualification or description or in the name of any nominee.



## Traditional IRA Custodial Account Agreement

Pursuant to the Participant's direction, the Custodian shall have the following powers and authority with respect to the administration of the Account:

- (i) To invest and reinvest the assets of the Account without any duty to diversify and without regard to whether such investment is authorized by the laws of any jurisdiction for fiduciary investments
  - (ii) To exercise or sell options, conversion privileges, or rights to subscribe for additional securities and to make payments therefore
  - (iii) To consent to or participate in dissolutions, reorganizations, consolidations, mergers, sales, leases, mortgages, transfers, re-registrations of securities, or other changes affecting securities held by the Custodian
  - (iv) To make, execute, and deliver as Custodian any and all contracts, waivers, releases, or other instruments in writing necessary or proper for the exercise of any of the foregoing powers
  - (v) To grant options to purchase securities held by the Custodian or to repurchase options previously granted with respect to securities held by the Custodian.
- (c) Proxies. All proxy and solicitation materials, notices of shareholders' meetings, current prospectuses, and other annual or regular shareholder reports shall, to the extent furnished to the Custodian by the issuers of the securities in the Account, be sent by the Custodian or the Custodian's delegee to the Participant.
- (d) Records and Reports. The Custodian shall keep accurate records of all contributions, receipts, investments, distributions, disbursements, and all other transactions of the Account. Within 120 days (or such other deadline imposed by applicable law) after the close of each calendar year (or after a distribution or transfer of a Participant's Account or upon the Custodian's resignation or removal), the Custodian shall file with the Participant a written report (which may consist of copies of the Custodian's regularly issued Account statements) reflecting all transactions affecting the Account for the period in question and including a statement of the assets in the Account and their fair market values. Unless the Participant files a written statement of exceptions or objections to the report with the Custodian within 60 days after mailing of the report, the Participant shall be deemed to have approved such report and the Custodian shall be released from all liability to anyone (including any Participant's spouse or Beneficiary) with respect to all matters set forth in the report. No person other than the Participant or a Beneficiary may require an accounting.
- (e) Right to Request Judicial Assistance. The Custodian shall have the right at any time to apply to a court of competent jurisdiction for judicial settlement of the Custodian's accounts or for determination of any questions of construction, which may arise, or for instructions. The only necessary party defendant to any such action shall be the Participant, but the Custodian may join any other person or persons as a party defendant. The cost, including attorney's fees, of any such proceeding shall be charged as an administrative expense under Article VIII, section 10, of this Agreement.
- (f) Scope of Custodian's Duties. The Custodian shall only have the duties, which are specifically set forth in this Agreement. The Custodian shall have no duty to ascertain whether contributions or distributions comply with the Agreement or the Code. The Custodian shall not make any investments or dispose of any investments held in an Account, except upon the direction of the Participant or in accordance with Article VIII, section 11(c), of the Agreement. The Custodian shall not question any such directions of the Participant, review any securities or other property held in the Account, or make suggestions to the Participant with respect to the investment, retention, or disposition of any assets held in the

Account. Notwithstanding the foregoing, the Custodian may review the investments in a Mutual Fund Only IRA in order to confirm the Participant's compliance with Article VIII, section 4(a), of this Agreement, which limits investments in the Mutual Fund Only IRA to shares issued by a domestic Regulated Investment Company.

- (g) Scope of Custodian's Liability. The Custodian shall not be liable for any loss of any kind that may result from any action taken by the Custodian in accordance with the directions of the Participant or his or her designated agent or attorney in fact or from any failure to act because of the absence of any such directions. The Custodian shall not be responsible for determining whether any contribution or rollover contribution satisfies the requirements of the Code. The Custodian shall not be liable for any taxes (or interest thereon) or penalties incurred by the Participant in connection with the Account or in connection with any contribution to or distribution from the Account. The Custodian is entitled to act upon any instrument, certificate, or form the Custodian believes is genuine and believes is executed or presented by the proper person or persons, and the Custodian need not investigate or inquire as to any statement contained in such document but may accept it as true and accurate. The Custodian is not liable for any losses directly or indirectly caused by acts of war, acts of terrorism, labor disputes, exchange, or market decisions, including the suspension of trading, market volatility, trade volume, or by government restriction. The Participant shall duly indemnify and hold harmless the Custodian from any liability, which may arise hereunder, except liability arising from the gross negligence or willful misconduct of the Custodian.

### 8. Resignation or Removal of Custodian

- (a) Resignation. The Custodian may resign as Custodian of this Account, or any asset held in the Account, by mailing or actually delivering notice to the Participant 30 days prior to the resignation. Upon the Custodian's resignation, the Custodian may, but shall not be required to, appoint a corporation or other organization as the successor custodian or trustee under this Agreement.

If the Custodian appoints a successor custodian or trustee, the Participant, after the receipt of the resignation, shall have 30 days to appoint an alternative successor custodian or trustee. If the Participant does not appoint an alternative successor custodian or trustee, the Participant will be deemed to have accepted the Custodian's appointed successor custodian or trustee. Upon acceptance of appointment by the successor custodian or trustee, the Custodian shall assign, transfer, and deliver to the successor custodian or trustee all assets held in the Account to which such resignation or removal relates. The Custodian is authorized, however, to reserve such amounts as the Custodian deems advisable to provide for the payment of expenses and fees then due or to be incurred in connection with the settlement of the Custodian's account, and any balance remaining after the settlement of the Custodian's account shall be paid to the successor custodian or trustee. At the sole discretion of the Custodian, any successor custodian or trustee appointed by the Custodian may, with the approval of the Custodian, amend the Agreement by giving notice to the Participant.

If the Custodian does not choose to appoint a successor custodian or trustee, the Participant has 30 days after receiving notification of the Custodian's resignation to appoint a qualifying successor custodian or trustee. If the Participant does not appoint a successor custodian or trustee within this time period, the Custodian shall have the right to terminate the Account and distribute the assets directly to the Participant.

The Custodian shall not be liable for the acts or omissions of the Custodian's successor.

## Traditional IRA Custodial Account Agreement

- (b) Removal. The Participant shall substitute another custodian or trustee in place of the Custodian upon notification by the IRS that such substitution is required because the Custodian has failed to comply with the requirement of Treasury Regulation section 1.408-2(e), or is not keeping such records, or making such returns, or rendering such statements as are required by that regulation.
- (c) Custodian's Right to Close Account. If an Account value falls below a certain minimum threshold or has no activity after a certain time period, the Custodian reserves the right to close the Account, and assess appropriate fees. In the event the Financial Institution no longer has a relationship with the Custodian, the Custodian reserves the right to liquidate any investment.

### 9. Amendment and Termination of the Account

- (a) Amendment. Pursuant to Article VII, the Custodian may amend this Agreement at any time to comply with legal and regulatory changes and to modify the Agreement as the Custodian determines advisable. The amendment will be effective on the date specified in the notice to the Participant. At the Participant's discretion, the Participant may direct that the Custodial Account be transferred to another trustee or custodian. The Custodian will not be liable for any losses for any actions or inactions of any successor trustee or custodian.

A Participant may change an election or designation made with respect to the Account, provided such change is made in a form and manner prescribed by and acceptable to the Custodian.

- (b) Notification of Amendment. The Custodian may provide notice of any amendments to this Account by notifying the Participant of such amendment, and posting the amended language and any restated documents, if applicable, on a website maintained by the Custodian. The Participant consents to the delivery of the applicable notices using an electronic medium and confirms that the Participant is capable of accessing websites. The Participant may request a written copy of any amendments or any restated documents, if applicable, from the Custodian via a phone number maintained by the Custodian or by sending a letter to Pershing LLC, Retirement Processing Department, One Pershing Plaza, Jersey City, New Jersey 07399.
- (c) Distribution on Termination. The Account may be terminated for any reason by the Custodian. If the Account is terminated by the Custodian, the balance held in each Account for the benefit of a Participant, or Beneficiary or Beneficiaries shall be distributed by the Custodian, in accordance with Article VIII, section 8, of the Agreement.

### 10. Fees, Expenses, and Indebtedness

- (a) Payment of Fees and Expenses. The annual maintenance, termination, mutual fund conversion and other administration fees shall be charged by the Custodian and/or Financial Institution in accordance with the fee schedule that is then in effect. The fee schedule may be amended by the Custodian and/or Financial Institution from time to time. A portion of the fees collected by the Custodian may be shared with the Financial Institution. Any administrative expenses, including fees for legal and/or accounting services incurred by the Custodian at the request of or necessitated by the actions of the Participant or Beneficiary or Beneficiaries, including, but not by way of limitation, the direction of investment of Account assets in an investment that causes the Account to realize unrelated business taxable income within the meaning of the Code, which are over and above the services set forth in the fee schedule shall be paid by the Participant or the Account, as required. Any Custodian's fees and administrative expenses when due may be automatically charged to the Account. Alternatively, the Participant may choose to pay the fees and administrative expenses in a timely manner before the Account has been so

charged. The Custodian or the Financial Institution reserves the right to liquidate any assets of the Account to collect any charge for which payment may at any time be past due. In the event the Account is terminated by the Participant, Financial Institution or the Custodian for any reason (including closing the Account and opening a new account with the same Custodian), the Custodian shall be entitled to receive the full termination fee, along with the full, nonprorated current year maintenance fees, regardless of the date during the year that the Account is terminated. Such amounts will be automatically charged against the Account. Any reimbursement of fees charged against the Account will be recorded as a contribution to the Account and reported to taxing authorities accordingly. Specific fee details are provided in the current fee schedule available from the Financial Institution. In the event the Financial Institution no longer has a relationship with the Custodian, the Custodian reserves the right to charge its standard maintenance and termination fee, which changes from time to time. In the event this Account becomes abandoned property, the Custodian reserves the right to charge its standard maintenance and termination fee, which changes from time to time.

- (b) Taxes. Any taxes of any kind whatsoever that may be levied or assessed upon the Account or that the Custodian may otherwise be charged with the responsibility of collecting or remitting shall be paid from the assets of the Account involved.
  - (i) If required, the Custodian is authorized to file the IRS Form 990-T for the Account, and any related tax forms including, but not limited to requests for extension, in the event that an investment(s) in the Account causes the Account to realize unrelated business taxable income within the meaning of the Code. The Custodian shall have the right to retain tax or other professionals to assist in the preparation and filing of any such tax forms, and may charge a fee to the Account or the Participant for such services. If there is sufficient cash, money market fund or similar funds in the Account, the Custodian is authorized to pay the full amount of any tax liability, interest, fees or penalties. If there is insufficient cash, money market fund, or similar funds in the Account, upon notice from the Custodian or the Participant's Financial Institution, Participant is responsible for directing the Financial Institution on the liquidation of assets in the Account for purposes of paying the applicable tax, interest, fees or penalties.
- (c) Brokerage Commissions. The Account will be charged brokerage commissions and other securities transaction-related charges for the transactions in the Account in accordance with the Custodian's usual practice.
- (d) Indebtedness. The Participant shall pay any debit balance or other obligation owing to the Custodian on demand.

### 11. Miscellaneous

- (a) Prohibition Against Assignment of Benefits. Except to the extent otherwise required by law, none of the benefits, payments, or proceeds held in the Account on behalf of any Participant, or Beneficiary shall be subject to the claims of any creditor of such Participant, or Beneficiary, nor shall any Participant, or Beneficiary have any right to anticipate, sell, pledge, option, encumber, or assign any of the benefits, payments, or proceeds to which he or she is or may be entitled under the Agreement.
- (b) Applicable Law. The Agreement shall be construed, administered, and enforced according to the laws of the State of New York, except to the extent preempted by federal law. All contributions to the Account shall be deemed to take place in the State of New York. The terms and conditions of the Agreement shall be applicable without regard to the community property laws of any state.
- (c) Liquidation of Assets. If the Custodian or Financial Institution must liquidate assets in order to make distributions, transfer assets, or



pay fees, expenses, or taxes assessed against the Account, and the Participant fails to instruct the Custodian as to the liquidation of such assets, assets may be liquidated in the following order to the extent held in the Account: (1) any shares of a money market fund or money market-type fund, (2) mutual funds, starting with largest position, (3) securities, (4) other assets. The Custodian shall not be liable for any losses arising out of or as a result of assets liquidated in accordance with the provisions of this Agreement.

- (d) Purpose of Form. Form 5305-A is a model Custodial Account Agreement that meets the requirements of section 408(a) of the Code and has been automatically approved by the IRS. An Individual Retirement Account is established after the Application is fully executed by the Participant and entered in the records of the Custodian and must be completed no later than the due date of the Participant's income tax return for the tax year (without regard to extensions). This Account must be created in the United States for the exclusive benefit of the Participant or his or her Beneficiary or Beneficiaries.
- (e) Identifying Number. The Participant's Social Security number will serve as the identification number of his or her Custodial Account. An employer identification number is required only for a Custodial Account for which a return is filed to report unrelated business taxable income. An employer identification number is required for a common fund created for IRAs.
- (f) Contributions for Nonworking Spouse. Contributions to a Custodial Account for a nonworking spouse must be made to a separate Custodial Account established by the nonworking spouse.

### Article IX

**WHEN PERSHING LLC OR ANOTHER FINRA ELIGIBLE MEMBER ACTS AS CUSTODIAN UNDER THIS AGREEMENT, THE FOLLOWING ARBITRATION DISCLOSURES APPLY:**

**THIS AGREEMENT CONTAINS A PREDISPUTE ARBITRATION CLAUSE. BY SIGNING AN ARBITRATION AGREEMENT THE PARTIES AGREE AS FOLLOWS:**

- **ALL PARTIES TO THIS AGREEMENT ARE GIVING UP THE RIGHT TO SUE EACH OTHER IN COURT, INCLUDING THE RIGHT TO A TRIAL BY JURY, EXCEPT AS PROVIDED BY THE RULES OF THE ARBITRATION FORUM IN WHICH A CLAIM IS FILED.**
- **ARBITRATION AWARDS ARE GENERALLY FINAL AND BINDING; A PARTY'S ABILITY TO HAVE A COURT REVERSE OR MODIFY AN ARBITRATION AWARD IS VERY LIMITED.**
- **THE ABILITY OF THE PARTIES TO OBTAIN DOCUMENTS, WITNESS STATEMENTS, AND OTHER DISCOVERIES ARE GENERALLY MORE LIMITED IN ARBITRATION THAN IN COURT PROCEEDINGS.**
- **THE ARBITRATORS DO NOT HAVE TO EXPLAIN THE REASON(S) FOR THEIR AWARD, UNLESS, IN AN ELIGIBLE CASE, A JOINT REQUEST FOR AN EXPLAINED DECISION HAS BEEN SUBMITTED BY ALL PARTIES TO THE PANEL AT LEAST 20 DAYS PRIOR TO THE FIRST SCHEDULED HEARING DATE.**
- **THE PANEL OF ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY.**
- **THE RULES OF SOME ARBITRATION FORUMS MAY IMPOSE TIME LIMITS FOR BRINGING A CLAIM IN ARBITRATION. IN SOME CASES, A CLAIM THAT IS INELIGIBLE FOR ARBITRATION MAY BE BROUGHT IN COURT.**
- **THE RULES OF THE ARBITRATION FORUM IN WHICH THE CLAIM IS FILED, AND ANY AMENDMENTS THERETO, SHALL BE INCORPORATED INTO THIS AGREEMENT.**

### ARBITRATION AGREEMENT

**ANY CONTROVERSY BETWEEN ME, FINANCIAL INSTITUTION AND PERSHING SHALL BE SUBMITTED TO ARBITRATION BEFORE THE FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA).**

**NO PERSON SHALL BRING A PUTATIVE OR CERTIFIED CLASS ACTION TO ARBITRATION, NOR SEEK TO ENFORCE ANY PREDISPUTE ARBITRATION AGREEMENT AGAINST ANY PERSON WHO HAS INITIATED IN COURT A PUTATIVE CLASS ACTION; OR WHO IS A MEMBER OF A PUTATIVE CLASS WHO HAS NOT OPTED OUT OF THE CLASS WITH RESPECT TO ANY CLAIMS ENCOMPASSED BY THE PUTATIVE CLASS ACTION UNTIL; (I) THE CLASS CERTIFICATION IS DENIED; (II) THE CLASS IS DECERTIFIED; OR (III) THE CUSTOMER IS EXCLUDED FROM THE CLASS BY THE COURT. SUCH FORBEARANCE TO ENFORCE AN AGREEMENT TO ARBITRATE SHALL NOT CONSTITUTE A WAIVER OF ANY RIGHTS UNDER THIS AGREEMENT EXCEPT TO THE EXTENT STATED HEREIN.**

**THE LAWS OF THE STATE OF NEW YORK GOVERN.**

### Traditional IRA Disclosure Statement

The Disclosure Statement provides a general description of the terms, conditions and federal laws associated with this Traditional IRA (IRA). Terms used in this Disclosure Statement are set forth in Article VIII of this Account's Custodial Agreement. This Disclosure Statement is not intended to replace the advice of your own tax and legal advisors. You are encouraged to consult your advisors and/or your state taxing authority concerning any tax and/or compliance questions. You are responsible for complying with the laws that apply to this IRA. The Custodian does not act as your advisor. In addition to the transactions outlined in this Traditional IRA Disclosure Statement, the federal government may authorize permissible transactions from time to time. Unless expressly prohibited by the Custodian's policies, such additional federally authorized transactions are hereby incorporated by this reference. If this IRA is established as an Inherited IRA, refer to the "Inherited IRA" section of this document for restrictions and limitations.

#### 1. Right of Revocation by Participant

- (a) You have the right to revoke the Agreement for a period of seven (7) calendar days following the date you sign the Application to establish the Account. To revoke the Agreement, you must mail or personally deliver a written notice of revocation to Pershing LLC, Retirement Products Department, One Pershing Plaza, Jersey City, New Jersey 07399. Pershing LLC must receive your revocation notice no later than 7 days after you signed the Application. If your revocation notice is mailed, the notice will be deemed received as of the date of the postmark (or if sent by certified or registered mail, the date of certification or registration) if it is deposited in the United States mail in an envelope, or other appropriate wrapper, first-class postage prepaid, and properly addressed.
- (b) If the Agreement is revoked, the Custodian will return your entire contribution to you without penalty, service charge, administrative expenses, or any other reduction. The contribution to an IRA that is revoked, and the distribution from an IRA that is revoked must be reported to the IRS.

#### 2. Requirements of a Traditional IRA

- (a) Cash Contributions. Your contribution to your IRA must be in cash, unless it is a rollover or transfer contribution.
- (b) Contribution Limits. Unless you are the age of 50 by the end of the year, contributions made on your behalf annually may not exceed the lesser of 100% of compensation or \$5,500 (for tax year 2014 and 2015). These contribution amounts are increased annually to reflect a cost-of-living adjustment, if any. If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your Traditional IRA for that tax year of up to \$1,000.

## Traditional IRA Custodial Account Agreement

If you also maintain a Roth IRA, the maximum contribution to your Traditional IRA is reduced by any contributions you make to your Roth IRA. Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the contribution limit or 100% of your compensation. In addition, employer retirement plans may establish separate accounts to receive voluntary employee contributions. If the account meets the requirements of an IRA and you make voluntary employee contributions to that separate account, the total amount listed above that you may contribute to all of your IRAs is reduced by those voluntary employee contributions.

If you and your spouse file a joint federal income tax return and your compensation is less than your spouse's (including zero), you and your spouse may each fund an IRA according to the contribution limits (above). However, the total contributions to both of your IRAs may not exceed the combined compensation of you and your spouse.

- (c) **Contribution Eligibility.** You may set up and contribute to your IRA if you (or, if you file a joint tax return, your spouse) received compensation during the year, and you did not reach age 70½ by the end of the year. No contributions may be made to your IRA for the year you reach age 70½ or for subsequent years. You are responsible for determining your eligibility to make IRA contributions.

**Definition of Compensation:** Compensation includes wages, salary, commissions, bonuses, tips, and other amounts received from providing personal services. If you are self-employed, your compensation is your "earned income." Taxable alimony received under a valid divorce decree, separate maintenance agreement, or other valid court order is considered compensation. Nontaxable combat zone pay received by members of the armed forces is generally considered compensation. Compensation for purposes of making IRA contributions includes differential wage payments made by some employers to employees who have been called to active duty. The IRS treats as compensation any amount properly shown on your Form W-2 as "wages, tips, and other compensation" reduced by the amount shown on that form as distributions from nonqualified plans. Compensation does not include investment earnings, pension or annuity income or other amounts you receive for which your services are not a material income-producing factor.

- (d) **Contribution Deadline.** Your IRA contribution for any year may be made to your IRA during the tax year and up until the due date for filing your tax return, not including extensions. For most people, the tax return due date is April 15. However, if you are serving in or in support of the armed forces in a designated combat zone or qualified hazardous duty area, your contribution deadline may be extended past April 15. Generally, the extension is 180 days after the last day you are in a qualifying combat zone or hazardous duty area. You may also have an additional extension depending on when you entered the zone or area. For additional information, refer to IRS Publication 3 or consult your tax advisor.
- (e) **Carryback Contributions.** A contribution is deemed to have been made on the last day of the preceding taxable year if you make a contribution by the deadline for filing your income tax return (not including extensions), and you designate that contribution as a contribution for the preceding taxable year. For instance, if you are a calendar year taxpayer and you make your Traditional IRA contribution on or before April 15, your contribution is considered to have been made for the previous tax year if you designate it as such. If you do not designate a contribution for the preceding taxable year, the contribution must be reported to the IRS as a current year contribution (the year received).

- (f) **Nonforfeitable.** Your interest in your IRA is nonforfeitable.

- (g) **Commingling of Assets.** The assets of your IRA cannot be commingled with other property except in a common trust fund or common investment fund.
- (h) **Life Insurance.** No portion of your IRA may be invested in life insurance contracts.
- (i) **Collectibles.** You may not invest the assets of your IRA in collectibles, as described in section 408(m) of the Internal Revenue Code (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, specially minted United States gold and silver bullion coins and certain state-issued coins are permissible IRA investments. Platinum coins and certain gold, silver, platinum, or palladium bullion, as described in section 408(m)(3) of the Code, are also permitted as IRA investments.
- (j) **Required Minimum Distributions At Age 70½.** You are required to take a minimum distribution from your IRA for the year in which you reach age 70½ and for subsequent years. You must take your first year's distribution by April 1 of the calendar year following the year in which you attain age 70½. All subsequent year's distributions must be taken by December 31 of the distribution year.

The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the prior year (by the applicable divisor). The applicable divisor is generally determined using the Uniform Lifetime table under Treasury Regulations 1.401(a)(9)-9. If your spouse is your sole designated beneficiary and is more than ten years younger than you, the required minimum distribution may be calculated using the actual joint life expectancy of you and your spouse obtained from the Joint and Last Survivor Table rather than the life expectancy divisor from the Uniform Lifetime table.

Each year you are subject to the RMD requirements, your Custodian will provide you with a notice. Along with the distribution deadline, the notice will either inform you of your RMD amount or provide you with guidance on how to contact the Custodian for assistance in determining your RMD. Your Custodian is also required to notify the IRS each year you are required to take an RMD. However, the Custodian will make distributions to you or your Beneficiary only upon specific instructions to do so.

If you have more than one IRA, determine the RMD separately for each IRA. However, you may total the RMDs and take the total from any one or more of your IRAs.

If you do not take the required minimum distribution (RMD) or the distribution is not large enough, you may be subject to a 50% excess accumulation penalty tax on the amount not distributed as required. You must report the 50% excess accumulation penalty tax by filing a completed Form 5329 with the IRS along with your payment.

- (k) **Distributions to your Beneficiary or Beneficiaries.** Any amounts remaining in your IRA at your death will be paid to your Beneficiary(ies). The rules that determine the distribution of the IRA balance after your death depends on your relationship to the Beneficiary (i.e., spouse, nonspouse, or other), whether you died before or after RMDs were required to begin, and if the IRA has a "designated beneficiary" as defined under federal regulations.

**Designated Beneficiary:** A "designated beneficiary" is a person (or a qualified trust that "looks through" to a beneficiary that is a person) that is Beneficiary as of the date of your death, and has a balance in the IRA as of September 30<sup>th</sup> of the year following the year of your death. Any person who is a Beneficiary as of the date of your death and dies during the period between the date of your death and September 30<sup>th</sup> of the year following the year of your

death is also a designated beneficiary. An IRA will be treated as not having a designated beneficiary if a Beneficiary that is not a person, or a qualified trust that “looks through” to a beneficiary that is a person is a Beneficiary as of the date of your death and continues to have a balance in the IRA as of September 30<sup>th</sup> of the year following the year of your death. The rules concerning qualified trusts are complex and set forth in applicable Treasury Regulations.

**If You Die On or After RMDs Are Required to Begin:** If you die on or after April 1 following the year you attain age 70½, the Beneficiary(ies) must continue taking distributions from your IRA. The longest timeframe for receiving payouts is over the remaining life expectancy of the applicable designated beneficiary or based on your remaining life expectancy factor, had you not died, whichever period is longer. Distributions must commence by December 31 of the calendar year following your death. If your IRA is treated as having no designated beneficiary, your IRA must be distributed to your Beneficiary or Beneficiary(ies) using your single life expectancy (had you not died) reduced by one each year.

If your surviving spouse is the sole designated beneficiary of your IRA, he or she may elect to treat your IRA as his or her own IRA by redesignating your IRA as his or her own IRA, failing to take a required distribution as a Beneficiary, or by making a contribution. Regardless of whether your spouse is the sole designated beneficiary, he or she may be eligible to roll distributions from your IRA into his or her own IRA within 60 days of receipt, and subject to any applicable limitations.

If your Beneficiary(ies) does not withdraw the required amount within the prescribed timeframe, he or she may be subject to the 50% excess accumulation penalty tax on the amount that should have been withdrawn but was not distributed. The 50% excess accumulation penalty tax must be reported by filing a completed Form 5329 with the IRS along with the penalty payment.

**If You Die Before RMDs Are Required To Begin:** If you die before April 1 following the year you reach age 70½ and your Beneficiary(ies) is a person or a qualified trust that “looks through” to a beneficiary that is a person, the Beneficiary may generally elect a distribution method. Your Beneficiary(ies) may elect to deplete the IRA by the end of the fifth calendar year following your death (i.e., “the five-year rule”) or to receive payments based on the designated beneficiary(ies)’s life expectancy. If life expectancy payments are elected, the payments must generally begin by December 31 of the first calendar year following your death. However, if your surviving spouse is your sole designated beneficiary, the first distribution is not required until December 31 of the year you would have attained age 70½ if later. The Beneficiaries must generally elect between the five-year rule option and the life expectancy payment option by December 31 of the year following the year of your death. However, if your spouse is your sole designated beneficiary, he or she must elect between the five-year rule option and the life expectancy payment option by the earlier of December 31 of the year containing the fifth anniversary of your death, or December 31 of the year you would have attained age 70½. If timely elections are not made, the Beneficiary is required to take distributions according to the default distribution option which is the life expectancy payment option. A Beneficiary that is not a person (except for a qualified trust that “looks through” to a beneficiary that is a person) must take distributions according to the five-year rule.

If your IRA is treated as not having a designated beneficiary, for purposes of the IRS regulations, all Beneficiary(ies) must take distributions according to the five-year rule.

If your surviving spouse is the sole designated beneficiary of your IRA, he or she may elect to treat your IRA as his or her own IRA by redesignating your IRA as his or her own IRA, failing to take a

required distribution as a Beneficiary, or by making a contribution. Regardless of whether your spouse is the sole designated beneficiary, he or she may be eligible to roll distributions from your IRA into his or her own IRA within 60 days of receipt, and subject to any applicable limitations.

If your Beneficiary(ies) does not withdraw the required amount within the prescribed timeframe, he or she may be subject to the 50% excess accumulation penalty tax on the amount that should have been withdrawn but was not distributed. The 50% excess accumulation penalty tax must be reported by filing a completed Form 5329 with the IRS along with the penalty payment.

### 3. Income Tax Consequences of Establishing a Traditional IRA

(a) **Deductible Contributions.** Whether your IRA contributions are tax deductible depends on whether you (and/or your spouse if you are married filing jointly) are considered an active participant in an employer retirement plan and the amount of your modified adjusted gross income (MAGI).

**Active Participant:** Generally, you will be an active participant in an employer retirement plan if a contribution is made to your account or you are eligible to earn retirement credits. Examples of retirement plans include:

- (i) A qualified pension, profit-sharing, 401(k), or stock bonus plan
- (ii) A qualified annuity plan of an employer
- (iii) A simplified employee pension (SEP) plan
- (iv) A retirement plan established by the federal government, a state, or a political subdivision (except certain unfunded deferred compensation plans under IRC, section 457 of the Code)
- (v) A tax-sheltered annuity for employees of certain tax-exempt organizations or public schools
- (vi) A plan meeting the requirements of section 501(c)(18) of the Code
- (vii) A savings incentive match plan for employees of small employers (SIMPLE) IRA plan or a SIMPLE 401(k) plan

If you do not know whether your employer maintains one of these plans or whether you are an active participant in it, check with your employer and your tax professional. Also, the Form W-2 (Wage and Tax Statement) that you receive at the end of the year from your employer will indicate whether you are an active participant.

**Deduction Phase-Out:** Generally, if you or your spouse is covered by an employer retirement plan, the amount of your Traditional IRA contribution you may deduct decreases (phases out) as your MAGI increases. If you are married, filing a joint tax return, your MAGI is the combined MAGI of you and your spouse.

If your MAGI is equal to or below the lower limit of the phase-out range, your IRA contributions are fully deductible. If your MAGI is equal to or exceeds the upper limit of the phase-out range, your IRA contributions are not deductible. If your MAGI falls within the phase-out range, you may take a partial deduction.

#### MAGI Thresholds for Deduction Phase-Out

YEAR	MARRIED FILING JOINTLY	SINGLE TAXPAYERS
2015	\$98,000-\$118,000	\$61,000-\$71,000
2014	\$96,000-\$116,000	\$60,000-\$70,000

The MAGI thresholds for deduction phase-out listed above are increased annually to reflect a cost-of-living adjustment, if any.

For married persons filing separate returns (who lived together at any time during the year), the MAGI threshold is \$0-\$10,000.



## Traditional IRA Custodial Account Agreement

For more information on determining your MAGI and your IRA deduction, consult your tax advisor, instructions to Form 1040 and/or IRS Publication 590-A.

**Not Covered by an Employer Retirement Plan:** If you are single and are not considered covered by an employer retirement plan, or if you are married and neither you nor your spouse are considered covered by an employer retirement plan, your Traditional IRA contributions are fully tax-deductible, regardless of your MAGI or your tax filing status.

If you are married, filing jointly, and you are not covered by an employer retirement plan but your spouse is covered, the combined MAGI threshold for determining the deductible amount of your Traditional IRA contribution is \$181,000-\$191,000 for 2014 and \$183,000-\$193,000 for 2015. This MAGI threshold will be increased annually to reflect a cost-of-living adjustment, if any.

If you are married (and lived together at any time during the year), filing separate returns, and you are not covered by an employer retirement plan but your spouse is covered, the combined MAGI threshold for determining the deductible amount of your Traditional IRA contribution is \$0-\$10,000.

- (b) **Nondeductible Contributions.** You may make nondeductible contributions (but not Roth Contributions) to your Traditional IRA to the extent that deductible contributions are not allowed. You may also choose to make a nondeductible Traditional IRA contribution if you forgo taking an IRA deduction for that same contribution. The total of your deductible and nondeductible IRA contributions cannot exceed your contribution limit (the lesser of the allowable contribution limit described previously, or 100% of compensation). Earnings derived from nondeductible contributions are not taxed until distributed. If you make nondeductible IRA contributions, a cost basis is created in your IRA equal to the sum of your nondeductible contributions minus any withdrawals or distributions of nondeductible contributions. If you make a nondeductible contribution to an IRA, you must report the amount of the nondeductible contribution to the IRS as a part of your tax return for the year using IRS Form 8606. If you fail to report your nondeductible contributions or if you overstate your nondeductible contributions, you may be subject to taxes and penalties.
- (c) **Tax Credit for Contributions.** You may be eligible for a tax credit for your Traditional IRA contribution if you are age 18 or older, not a dependent of another taxpayer, and not a full-time student. The maximum annual tax credit is \$1,000 (unless modified by Congress). If you are eligible for the credit, it will reduce your federal income tax you owe dollar for dollar.
- (d) **Tax-Deferred Earnings.** The investment earnings of your IRA are generally not subject to federal income tax until distributions are made (or in certain instances when distributions are deemed to be made).
- (e) **Excess Contributions.** Any contributions to your IRA over and above the permissible limits are considered "excess contributions" subject to an annual excise tax of 6% of the amount of the excess contributions for each year in which the excess contribution remains in your IRA. You must file IRS Form 5329 with your income taxes to report and pay any penalty taxes to the IRS.

**Excess Contribution Correction By Due Date of Tax Return:** Excess contributions may be corrected (so that the 6% excise tax will not apply) by withdrawing the excess contributions and related earnings, as determined by you, from the IRA on or before the due date (including extensions) for filing your federal income tax return for the year for which the contribution relates. If, however, you timely filed your federal tax return, you can still have the excess contribution and related earnings returned to you within six months

of the due date of your tax return for which the contribution relates, excluding extensions. When the excess contribution is removed with the related earnings, the amount of the excess contribution will not be considered a premature distribution nor be taxed as ordinary income. However, any earnings withdrawn will be taxed as ordinary income. In addition, the 10% penalty tax generally imposed on premature distributions will apply to the withdrawal of the earnings unless you have attained the age of 59½ or meet another penalty exception. For assistance in calculating the earnings related to the excess contribution using the IRS-approved method, refer to Treasury Regulation 1.408-11, IRS Publication 590-A and your tax advisor.

**Excess Contribution Correction After Due Date of Tax Return:** To correct an excess contribution after your tax filing due date (including extensions), or after your six-month extension (if you timely filed your federal tax return), you may withdraw the excess amount (no earnings need to be withdrawn.) An excess contribution withdrawn from your IRA after your tax filing due date (plus extensions), may be taxable to you. Alternatively, if you are eligible to contribute in a subsequent year, you may correct an excess contribution amount by redesignating the amount to a subsequent tax year. To redesignate an excess contribution for a subsequent year, you must under contribute in a subsequent tax year and carry forward the original contribution on your income tax records for that subsequent tax year. The original amount is either deducted on Form 1040 or claimed as a nondeductible contribution on Form 8606. Regardless of which method (i.e., removal or redesignation) you use to correct an excess contribution amount after your tax return due date including extensions or after your six-month extension (if you timely filed your federal tax return), the 6% penalty is required for each year it remained in the IRA.

- (f) **Taxation of Distributions.** Except to the extent attributable to nondeductible contributions, distributions from your IRA (that are not rolled over) are taxed as ordinary income and are not eligible for capital gains treatment or lump-sum income averaging.

If you make nondeductible IRA contributions, a portion of your distributions from the IRA will be nontaxable (as return of your nondeductible contributions) and a portion will be taxable (as a return of deductible contributions, if any, and account earnings). The following formula is used to determine the nontaxable portion of your distribution for a taxable year.

$$\begin{aligned} & \text{Aggregate nondeductible contributions} \\ & \div \text{Year-end account balance} \times \text{Distribution amount} \\ & = \text{Nontaxable portion of the distribution} \end{aligned}$$

To figure the year-end total IRA balance, you treat all of your IRAs as a single IRA. This includes all Traditional IRAs, as well as SEP, SIMPLE and Rollover IRAs. You must also add back the distributions taken during the year in calculating your year-end total IRA balance.

For assistance in determining the nontaxable portion, consult your tax advisor, instructions to IRS Forms 1040 and 8606, and IRS Publication 590-B.

- (g) **Early Distribution Penalty.** If you are under the age of 59½ and receive an IRA distribution, an additional tax of 10% may apply to amounts includible in gross income, unless the distribution is made on account of death, disability (as defined by the Code), a qualifying rollover, a direct transfer, the timely withdrawal of an excess contribution, or if the distribution is part of 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. Payments for medical expenses (under certain conditions) that are more than the applicable percentage

## Traditional IRA Custodial Account Agreement

of your adjusted gross income and distributions to pay for health insurance if you have separated from employment and received unemployment compensation under a federal or state program for at least 12 weeks are also generally exempt from the 10% tax. In addition, distributions to cover certain qualified education expenses, distributions to buy, build, or rebuild a first home (up to a lifetime maximum of \$10,000), distributions due to a levy issued by the IRS, and qualified reservist distributions (as defined by the Code) are also generally exempt from the 10% tax.

You may have to report the 10% IRS early distribution penalty tax and/or exemption from this penalty by filing a completed Form 5329 with the IRS along with your payment.

- (h) **Qualified Charitable Distributions.** If you are age 70½ or older, you may take tax-free distributions of up to \$100,000 per year if these distributions are paid directly from your IRA to certain charitable organizations. Special tax rules may apply. For further detailed information you may wish to obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS. This option is limited to distributions occurring during tax years 2006 through 2014 unless extended by Congress to later years.
- (i) **Rollover Contributions.** Generally, a rollover is a movement of cash or assets from one retirement plan to another. If you are required to take minimum distributions because you are age 70½ or older, you may not roll over any required minimum distributions. Both the distribution and the rollover contribution are reportable when you file your income taxes. You must irrevocably elect to treat such contributions as rollovers.

**IRA-to-IRA Rollover:** You may withdraw, tax free, all or a portion of your Traditional IRA if you contribute the amount withdrawn within 60 days from the date you receive the distribution into the same or another Traditional IRA as a rollover. To complete a rollover of a SIMPLE IRA distribution to your Traditional IRA, at least two years must have elapsed from the date on which you first participated in any SIMPLE IRA plan maintained by the employer, and you must contribute the distribution within 60 days from the date you receive it. Only one IRA distribution within any 12-month period may be rolled over in an IRA-to-IRA rollover transaction. The 12-month waiting period begins on the date you receive an IRA distribution that you subsequently roll over, not on the date you complete the rollover transaction.

If you roll over the entire amount of an IRA distribution (including any amount withheld for federal, state, or other income taxes that you did not receive), you do not have to report the distribution as taxable income. Any amount not properly rolled over within the 60-day period will generally be taxable in the year distributed (except for any amount that represents basis) and may be, if you are under age 59½, subject to the premature distribution penalty tax.

**Employer Retirement Plan-to-Traditional IRA Rollover (by Traditional IRA Owner):** Eligible rollover distributions from qualifying employer retirement plans may be rolled over, directly or indirectly, to your Traditional IRA. Qualifying employer retirement plans include qualified plans (e.g., 401(k) plans or profit sharing plans), governmental 457(b) plans, 403(b) arrangements and 403(a) arrangements. Amounts that may not be rolled over to your Traditional IRA include any required minimum distributions, hardship distributions, any part of a series of substantially equal periodic payments, or distributions consisting of Roth 401(k) or Roth 403(b) assets.

To complete a direct rollover from an employer plan to your Traditional IRA, you must generally instruct the plan administrator to send the distribution to your Traditional IRA Custodian. To

complete an indirect rollover to your Traditional IRA, you must generally request that the plan administrator make a distribution directly to you. You typically have 60 days from the date you receive an eligible rollover distribution to complete an indirect rollover. Any amount not properly rolled over within the 60-day period will generally be taxable in the year distributed (except for any amount that represents after-tax contributions) and may be, if you are under age 59½, subject to the premature distribution penalty tax. If you choose the indirect rollover method, the plan administrator is typically required to withhold 20% of the eligible rollover distribution amount for purposes of federal income tax withholding. You may, however, make up the withheld amount out of pocket and roll over the full amount. If you do not make up the withheld amount out of pocket, the 20% withheld (and not rolled over) will be treated as a distribution, subject to applicable taxes and penalties.

**Conduit IRA:** You may use your IRA as a conduit to temporarily hold amounts you receive in an eligible rollover distribution from an employer's retirement plan. Should you combine or add other amounts (e.g., regular contributions) to your conduit IRA, you may lose the ability to subsequently roll these funds into another employer plan to take advantage of special tax rules available for certain qualified plan distribution amounts. Consult your tax advisor for additional information.

**Employer Retirement Plan-to-Traditional IRA Rollover (by Inherited Traditional IRA Owner):** Please refer to the section of this document entitled "Inherited IRA".

**Traditional IRA-to-Employer Retirement Plan Rollover:** If your employer's retirement plan accepts rollovers from IRAs, you may complete a direct or indirect rollover of your pre-tax assets in your Traditional IRA into your employer retirement plan. If you are required to take minimum distributions because you are age 70½ or older, you may not roll over any required minimum distributions.

**Rollover of Exxon Valdez Settlement Income:** Certain income received as an Exxon Valdez qualified settlement may be rolled over to a Traditional IRA or another eligible retirement plan. The amount contributed cannot exceed the lesser of \$100,000 (reduced by the amount of any qualified settlement income contributed to an eligible retirement plan in prior tax years) or the amount of qualified settlement income received during the tax year. Contributions for the year can be made until the due date for filing your return, not including extensions.

- (j) **Conversion of Traditional IRA to Roth IRA.** Generally, you may convert all or a portion of your Traditional IRA to a Roth IRA provided you meet any applicable eligibility requirements as defined in the Code and regulations. Except for amounts that represent basis, amounts converted are generally treated as taxable distributions. However, the premature distribution penalty that typically applies to taxable withdrawals taken prior to age 59½, does not apply to amounts converted from a Traditional IRA to a Roth IRA. Required minimum distributions may not be converted. Traditional IRA-to-Roth IRA conversions are not subject to the 12-month rollover restriction that typically applies to rollovers between IRAs.
- (k) **Recharacterization of a Contribution/Conversion.** You may "recharacterize" a contribution/conversion made to one type of IRA (either Traditional or Roth IRA) and treat it as if it was made to a different type of IRA (Traditional or Roth IRA). Both the contribution/conversion amount along with the net income attributable to the



## Traditional IRA Custodial Account Agreement

contribution/conversion must be transferred. If there was a loss, the amount of any loss will reduce the amount you transfer to the receiving IRA. The deadline for completing a recharacterization is your tax return due date (including any extensions) for the year for which the contribution/conversion was made to the first IRA. Recharacterization requests must be made in a form and manner acceptable to the Custodian. Report recharacterizations to the IRS by attaching a statement to your Form 1040. You may also need to file Form 8606 with your income taxes. For assistance with a recharacterization, refer to IRS Publication 590-A and/or your tax advisor.

- (l) Transfers. You may move your IRA from one trustee or custodian to another trustee or custodian by requesting a direct transfer. Federal law does not limit the number of transfers you may make during any year.
- (m) Transfers Incident to Divorce. In a form and manner acceptable to the Custodian, under a valid divorce decree, separate maintenance decree, or other valid court order, all or part of your IRA may be transferred to your ex-spouse or you may receive all or part of your ex-spouse's IRA.
- (n) Repayment of Qualified Reservist Distributions. If you are a qualified reservist called to active duty, you may be able to contribute (repay) to an IRA amounts equal to any qualified reservist distributions (as defined by the Internal Revenue Code) that you have received. These amounts must be repaid to the IRA within a two-year period after your active duty ends. The repayment of qualified reservist distributions is not included as part of the amount you can contribute to your Traditional IRA for a given year. For further detailed information, you may wish to obtain IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs) and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs) from the IRS.
- (o) Qualified HSA Funding Distribution. If you are a health savings account eligible individual, you may be eligible to do a tax-free transfer of IRA assets to your HSA. This transfer, which is referred to as a qualified HSA funding distribution, is subject to HSA contribution limits. You must irrevocably elect to treat such distribution as a qualified HSA funding distribution. Generally, you are limited to one qualified HSA funding distribution from any of your Traditional and Roth IRAs during your lifetime. For assistance in determining to what extent you may be eligible to make a qualified HSA funding distribution, consult with your tax advisor.
- (p) Disaster Relief. If you qualify (e.g., sustain an economic loss or are otherwise affected by certain disasters designated by the IRS), you may be eligible for favorable tax treatment on certain IRA transactions as prescribed by the Internal Revenue Code, regulations or the IRS. Favorable tax treatment may include (but is not necessarily limited to) relief from the early distribution penalty tax, the option to include a distribution in your gross income ratably over a prescribed number of years, repayment of distributions, and the ability to roll over distributions without regard to rollover restrictions (e.g. 60-day roll over rule).

Additional information regarding tax relief for IRA-related transactions due to qualifying disasters including information on how to identify qualifying disasters, may be found in Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), and Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), as well on the IRS's website at [www.irs.gov](http://www.irs.gov).

#### 4. Limitations and Restrictions

- (a) Inherited IRA. An Inherited IRA is an IRA established by or maintained for the benefit of a nonspouse Beneficiary of a deceased

IRA owner or a nonspouse beneficiary of a deceased participant in a qualifying retirement plan.

Contributions to Inherited IRAs: Except for employer retirement plan to Inherited IRA rollovers, Inherited IRA to Inherited IRA transfers and certain recharacterized contributions from Inherited Roth IRAs, no other contribution types are allowed to be contributed to the Inherited IRA, unless defined as allowable under the Code or regulations.

Eligible rollover distributions from a deceased participant's qualifying employer retirement plan(s) may be rolled over by a nonspouse beneficiary to an Inherited IRA. Otherwise, rollovers to an Inherited IRA must be sent directly from the plan administrator to the Inherited IRA custodian. Qualifying employer retirement plans include qualified plans (e.g., 401(k)) plans or profit sharing plans), governmental 457(b) plans, 403(b) arrangements and 403(a) arrangements. Amounts that may not be rolled over include any required minimum distributions.

Distributions to Inherited IRA Owners: A nonspouse Beneficiary (including a Beneficiary of a Traditional IRA that was established with a rollover of inherited employer plan assets) must withdraw required distributions as prescribed by the Internal Revenue Code and regulations.

- (b) SEP Plans. Under an SEP plan that meets the requirements of section 408(k) of the Code, your employer may make contributions to your IRA. Your employer is required to provide you with information that describes the terms of your employer's SEP plan.
- (c) Gift Tax. Transfer of your IRA assets to a named Beneficiary or Beneficiaries made during your life and at your request may be subject to federal gift tax under section 2501 of the Code. However, the naming of a Beneficiary or Beneficiaries generally will not subject you to gift tax liability.
- (d) Estate Tax. Generally, for federal estate tax purposes, amounts held in your IRA are included in your gross estate when you die. However, if your spouse is your Beneficiary, the IRA may qualify for the marital deduction. Consult your tax and/or legal advisors for specific guidance.
- (e) No Special Tax Treatment. IRA distributions are not eligible for capital gains treatment or lump-sum income averaging.
- (f) Federal Income Tax Withholding. Any withdrawal from your IRA, except a direct transfer to another IRA, a direct rollover to a qualified plan or a recharacterization, may be subject to federal income tax withholding. You may, however, elect not to have withholding apply to your IRA withdrawal. If withholding is applied to your withdrawal, no less than 10% of the amount withdrawn must be withheld for federal income tax purposes. Special federal income tax withholding rules may apply if the distribution is sent outside of the United States.
- (g) Prohibited Transactions. If you (or, following your death, Beneficiaries) engage in a "prohibited transaction" with your IRA, the IRA will be disqualified and the entire balance in your IRA will be treated as a distribution. If you are under age 59½, the 10% early distribution penalty tax may apply. Prohibited transactions are defined in Internal Revenue Code section 4975. Examples include borrowing money from the IRA, selling property to the IRA, receiving unreasonable compensation for managing the IRA, or buying property with IRA funds for your personal use.
- (h) Pledging IRA. If you pledge any portion of your IRA as collateral for a personal loan, the amount so pledged will be treated as a distribution. If you are under age 59½, the amount pledged may also be subject to the 10% early distribution penalty tax.

## Traditional IRA Custodial Account Agreement

### 5. Other

- (a) **IRS Form.** The form of Agreement used to establish this IRA is the model government form provided by the IRS and is known as Form 5305-A. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.
- (b) **Additional Information.** You may obtain further information on IRAs from your District Office of the Internal Revenue Service (IRS) or by visiting the IRS web site at [www.irs.gov](http://www.irs.gov). In particular, you may wish to obtain IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs).
- (c) **Customer Identification Program.** To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. When you open an account, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.
- (d) **Tax Filing.** You are responsible for filing the applicable IRS forms to report certain activities, taxable income and/or penalties associated with your IRA.
- (e) **Custodian.** The custodian of your IRA must be a bank, a federally insured credit union, a savings and loan association, or an entity approved by the IRS to act as custodian.

### 6. Additional Financial Information

- (a) **Account Fees.** If not accompanied by this Disclosure Statement and Individual Retirement Custodial Account Agreement, a schedule of fees will be provided by the financial institution that introduced the account to you. The annual maintenance, termination, and other administration fees shall be charged by the Custodian or the financial institution that introduced the account to you for services hereunder in accordance with the current fee schedule that is in effect. At the discretion of the Custodian or the financial institution that introduced the account to you, you may receive a separate invoice or invoice instructions on your statement for the account maintenance and other related fees that are due and payable upon receipt. Fees when due shall be automatically charged against the

IRA or as you direct in writing, charged against another account held by the Custodian over which you have investment authority. You may not reimburse your IRA for account fees including fee-based account fees, once they have been charged to your IRA. Any reimbursement of annual maintenance or other administrative fees charged to your IRA must be considered a contribution to your IRA and reported to the IRS accordingly. Alternatively, you may choose to pay the fees in a timely manner before the account has been charged. If you do prepay the account maintenance fee, you will see a corresponding debit and credit offset on your account statement. The financial institution that introduced the account to you will notify you prior to changing the fee schedule. In the event of account termination either by you or by the Custodian for any reason, the Custodian shall be entitled to receive the full termination fee, along with the full, nonprorated current year maintenance fee, regardless of the date during the year of the termination of the account.

- (b) **Brokerage Commissions.** Commissions and other securities transaction-related charges shall be charged by the financial institution that introduced the account to you. Such commissions must be paid from assets held within your IRA and may not be reimbursed.
- (c) **Other Expenses.** Taxes of any kind, which may be imposed with respect to your IRA and any expenses incurred by the Custodian in the management of your IRA, together with any fees referred to above, shall be paid by you (as permissible), charged against your account, or as directed in writing by you, charged against another account over which you have authority.
- (d) **Earnings.** The earnings of each separate account shall be allocated only to that account. The Custodian will attribute earnings only to the assets held in the account in the custody of the Custodian according to the Custodian's ordinary business practices and in accordance with the Custodian's established customs and procedures.
- (e) **Growth in Value.** Growth in value of your account will depend entirely on the investment decisions made by you and is neither guaranteed nor projected.



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

DEC 06 2011

Pershing LLC  
One Pershing Plaza  
Jersey City, NJ 07399

EIN: 13-2741729

Ladies and Gentlemen:

On May 31, 1984, the Internal Revenue Service issued to Donaldson Lufkin & Jenrette Securities Corporation a letter approving it to act as an active trustee or custodian for individual retirement arrangements (IRAs). The Service issued another letter, dated July 31, 1990, allowing Donaldson Lufkin & Jenrette Securities Corporation to act as a nonbank custodian of plans qualified under section 401(a) of the Internal Revenue Code. In a third letter dated April 20, 1995, the Service approved Donaldson Lufkin & Jenrette Securities Corporation to act as a nonbank custodian of accounts described in section 403(b)(7).

Donaldson Lufkin & Jenrette Securities Corporation converted, on January 17, 2003, into a Delaware limited liability company named Pershing LLC. Upon the conversion of Donaldson Lufkin & Jenrette Securities Corporation into Pershing LLC, the officers and directors of Donaldson Lufkin & Jenrette Securities Corporation became Pershing LLC's Board of Managers and the employees and assets of Donaldson Lufkin & Jenrette Securities Corporation became the employees and assets of Pershing LLC.

Section 401(f)(1) of the Code provides that a custodial account shall be treated as a qualified trust under this section if such custodial account would, except for the fact it is not a trust, constitute a qualified trust under this section. Section 401(f)(2) provides that the custodian must be a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will hold the assets will be consistent with the requirements of section 401. Section 401(f) also provides that in the case of a custodial account treated as a qualified trust, the person holding the assets of such account shall be treated as the trustee thereof.

Section 403(b)(7)(A) of the Code requires, in part, that for amounts paid by an employer to a custodial account to be treated as amounts contributed to an annuity contract for his employee, the custodial account must satisfy the requirements of section 401(f)(2). That section also requires, in order for the amounts paid by an employer to be treated as amounts contributed to an annuity contract for his employee, that the amounts are to be invested in regulated investment company stock to be held in the custodial account, and under the custodial account no such amounts may be paid or made available to any distributee before the employee dies, attains age 59 1/2, has a severance from employment, becomes disabled (within the meaning of section 72(m)(7)), or in the case



Pershing LLC

of contributions made pursuant to a salary reduction agreement (within the meaning of section 3121(a)(1)(D)), encounters financial hardship.

Section 408(a)(2) of the Code requires that the trustee of an IRA be a bank (as defined in section 408(n)) or such other person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the IRA will be consistent with the requirements of section 408.

Section 408(h) of the Code provides that a custodial account shall be treated as a trust under this section if the assets of such account are held by a bank (as defined in subsection (n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an IRA described in subsection (a). Section 408(h) also provides that, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

Section 408A of the Code provides, in general, that a Roth IRA shall be treated in the same manner as an individual retirement plan. Section 7701(a)(37)(A) defines an individual retirement plan as an IRA described in section 408.

The Income Tax Regulations at section 1.408-2(e) contain the requirements that such other person must comply with in order to act as trustee or custodian, for purposes of sections 401(f), 403(b)(7), 408, and 408A of the Code. One of the requirements of section 1.408-2(e) of the regulations states that such person must file a written application with the Commissioner demonstrating, as set forth in that section, its ability to act as a trustee or custodian.

Based on all the information and representations Donaldson Lufkin & Jenrette Securities Corporation submitted to this office in its written application and the nonbank trustee/custodian investigation on Pershing LLC for continued compliance with the nonbank trustee regulations at section 1.408-2(e), we have concluded that Pershing LLC meets the requirements of section 1.408-2(e) of the regulations and, therefore, is approved to act as a passive or non-passive nonbank custodian of plans qualified under section 401(f) or accounts described in section 403(b)(7), passive or non-passive nonbank trustee or custodian for IRAs established under sections 408, and 408A (dealing with Roth IRAs).

This Notice of Approval authorizes Pershing LLC to act as a passive or non-passive nonbank trustee or custodian. When Pershing LLC acts as a passive nonbank trustee or custodian (within the meaning of section 1.408-2(e)(6)(i)(A) of the regulations), it is authorized only to acquire and hold particular investments specified by the trust instrument or custodial agreement. It may not act as a passive trustee or custodian if

Pershing LLC

under the written trust instrument or custodial agreement it has discretion to direct investments of the trust (or custodial) funds.

Pershing LLC may not act as a trustee or custodian unless it undertakes to act only under trust instruments or custodial agreements that contain a provision to the effect that the grantor is to substitute another trustee or custodian upon notification by the Commissioner that such substitution is required because Pershing LLC has failed to comply with the requirements of section 1.408-2(e) or is not keeping such records, or making such returns or rendering such statements as are required by forms or regulations. For example, one such form is Form 990-T for IRAs that have \$1000 or more of unrelated business taxable income that is subject to tax by section 511(b)(1) of the Code.

Pershing LLC is required to notify the Commissioner of Internal Revenue, Attn: SE:T:EP:RA, Internal Revenue Service, Washington, D.C. 20224, in writing, of any change that affects the continuing accuracy of any representations made in its application. Further, the continued approval of Pershing LLC to act as a passive or non-passive nonbank custodian of plans qualified under section 401(f) or accounts described in section 403(b)(7), passive or non-passive nonbank trustee or custodian for IRAs established under sections 408, and 408A (dealing with Roth IRAs) is contingent upon the continued satisfaction of the criteria set forth in section 1.408-2(e) of the regulations.

This Notice of Approval is not transferable to any other entity. An entity that is a member of a controlled group of corporations, within the meaning of section 1563(a) of the Code, may not rely on a Notice of Approval issued to another member of the same controlled group. Furthermore, any entity that goes through an acquisition, merger, consolidation, or other type of reorganization may not necessarily be able to rely on the Notice of Approval issued to such entity prior to the acquisition, merger, consolidation, or other type of reorganization. Such entity may have to apply for a new Notice of Approval in accordance with section 1.408-2(e) of the regulations.

This Notice of Approval constitutes a notice that Pershing LLC may act as a passive or non-passive nonbank custodian of plans qualified under section 401(f) or accounts described in section 403(b)(7), passive or non-passive nonbank trustee or custodian for IRAs established under sections 408, and 408A (dealing with Roth IRAs) and does not bear upon its capacity to act as a trustee or custodian under any other applicable law. This is not an endorsement of any investment. The Internal Revenue Service (Service) does not review or approve investments.

In order to protect the accounts Donaldson Lufkin & Jenrette Securities Corporation handled as nonbank trustee or custodian from May 31, 1984, through its conversion to Pershing LLC, this Notice of Approval is retroactively effective to May 31, 1984. This



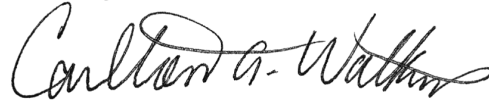
Pershing LLC

Notice of Approval will remain in effect until withdrawn by Pershing LLC or revoked by the Service.

In accordance with the power of attorney on file in this office, a copy of this notice is being sent to your authorized representative.

If you have any questions, please contact Mr. Calvin Thompson (Badge No. 1000221590) at (202) 283-9596.

Sincerely,

A handwritten signature in cursive script that reads "Carlton A. Watkins".

Carlton A. Watkins, Manager  
Employee Plans Technical Group 1

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# Traditional IRA Application

Pershing LLC serves as IRA Custodian or Non-Bank Trustee (Custodian).

## STEP 1. ACCOUNT INFORMATION

This Traditional IRA Application may only be used in conjunction with the Traditional IRA plan document stipulated by the Custodian.

I Hereby Designate the Following as the Financial Organization	Account Number	RR Number
	—	1

### Plan Type

- Traditional IRA
- SEP IRA: Attach a copy of your employer's Form 5305-SEP or Prototype Adoption Agreement and provide your employer's Tax Identification Number or Social Security Number.

Employer's Tax ID or Social Security Number (SEP IRA only)

### Account Type

- Participant    Spousal    Guardian    Rollover (Traditional IRA only)    Employer (SEP IRA only)

## STEP 2. PARTICIPANT INFORMATION

First Name	Middle Initial	Last Name	Gender
			<input type="checkbox"/> M <input type="checkbox"/> F
Social Security or Tax ID Number		Date of Birth	
		—	—
Address			
City	State	Zip/Postal Code	
Telephone			

P.O. BOX ADDRESSES ARE NOT ACCEPTABLE.

- Marital Status**    Single    Married\*    Divorced    Domestic Partner    Widowed

\* Spousal consent may be required. See below.

## STEP 3. MUTUAL FUND ONLY

- Mutual Fund Only.**

If you select a Mutual Fund Only account, you cannot commingle other investments within your Mutual Fund Only account.

**TO ESTABLISH A MUTUAL FUND ONLY IRA, BE SURE TO CHECK THE MUTUAL FUND ONLY BOX.**



IRA-104 ADOP

**STEP 4. BENEFICIARY DESIGNATIONS**

The following shall be my beneficiary or beneficiaries of this IRA. If I designate more than one primary or contingent beneficiary, but do not specify the percentages to which such beneficiary or beneficiaries are entitled, payment will be made to the surviving beneficiary or beneficiaries in equal shares.

Pershing considers the following as a standard beneficiary request:

- Name of an Individual(s)
- Name of Group(s) (e.g. charity)
- Specifically dated Trust (s), subject to proper qualification
- Estate (FYI — Pershing will require a Court Order and instructions from the Executor for the proper distribution of the assets.)

All other beneficiary requests will be considered a customized beneficiary request, subject to Pershing's acceptance policy. Each custom request must use the Pershing Customized Beneficiary Designation form or applicability indemnity language. Please speak with your Financial Advisor for more details.

I elect to have a customized beneficiary

**THE TOTAL ALLOCATION OF ALL PRIMARY BENEFICIARIES MUST EQUAL 100%.**

**TO DESIGNATE YOUR ESTATE AS YOUR BENEFICIARY, WRITE IN "ESTATE" IN THE PRIMARY BENEFICIARY SECTION. "PER WILL" DESIGNATIONS ARE NOT ACCEPTABLE DESIGNATIONS.**

**TO DESIGNATE A TESTAMENTARY TRUST AS A BENEFICIARY, YOU MUST COMPLETE A CUSTOMIZED BENEFICIARY DESIGNATION FORM.**

**IF NO BENEFICIARY IS NAMED, THE BENEFICIARY PROVISIONS OUTLINED IN THE TRADITIONAL IRA CUSTODIAL ACCOUNT AGREEMENT WILL APPLY.**

**Primary Beneficiaries**

Primary Beneficiary 1 Name			Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F		Social Security or Tax ID Number				
Percentage	Relationship	Date of Birth or Date of Trust			Telephone				
Address		<input type="checkbox"/> Per Stirpes							

Primary Beneficiary 2 Name			Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F		Social Security or Tax ID Number				
Percentage	Relationship	Date of Birth or Date of Trust			Telephone				
Address		<input type="checkbox"/> Per Stirpes							

Primary Beneficiary 3 Name			Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F		Social Security or Tax ID Number				
Percentage	Relationship	Date of Birth or Date of Trust			Telephone				
Address		<input type="checkbox"/> Per Stirpes							

Primary Beneficiary 4 Name			Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F		Social Security or Tax ID Number				
Percentage	Relationship	Date of Birth or Date of Trust			Telephone				
Address		<input type="checkbox"/> Per Stirpes							

Primary Beneficiary 5 Name			Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F		Social Security or Tax ID Number				
Percentage	Relationship	Date of Birth or Date of Trust			Telephone				
Address		<input type="checkbox"/> Per Stirpes							

Primary Beneficiary 6 Name			Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F		Social Security or Tax ID Number				
Percentage	Relationship	Date of Birth or Date of Trust			Telephone				
Address		<input type="checkbox"/> Per Stirpes							

# Traditional IRA Application

Account Number

<b>Primary Beneficiary 7 Name</b>		Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F	Social Security or Tax ID Number
Percentage	Relationship	Date of Birth or Date of Trust	Telephone
Address			<input type="checkbox"/> Per Stirpes

<b>Primary Beneficiary 8 Name</b>		Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F	Social Security or Tax ID Number
Percentage	Relationship	Date of Birth or Date of Trust	Telephone
Address			<input type="checkbox"/> Per Stirpes

<b>Primary Beneficiary 9 Name</b>		Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F	Social Security or Tax ID Number
Percentage	Relationship	Date of Birth or Date of Trust	Telephone
Address			<input type="checkbox"/> Per Stirpes

<b>Primary Beneficiary 10 Name</b>		Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F	Social Security or Tax ID Number
Percentage	Relationship	Date of Birth or Date of Trust	Telephone
Address			<input type="checkbox"/> Per Stirpes

## Contingent Beneficiaries

<b>Contingent Beneficiary 1 Name</b>		Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F	Social Security or Tax ID Number
Percentage	Relationship	Date of Birth or Date of Trust	Telephone
Address			<input type="checkbox"/> Per Stirpes

<b>Contingent Beneficiary 2 Name</b>		Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F	Social Security or Tax ID Number
Percentage	Relationship	Date of Birth or Date of Trust	Telephone
Address			<input type="checkbox"/> Per Stirpes

<b>Contingent Beneficiary 3 Name</b>		Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F	Social Security or Tax ID Number
Percentage	Relationship	Date of Birth or Date of Trust	Telephone
Address			<input type="checkbox"/> Per Stirpes

<b>Contingent Beneficiary 4 Name</b>		Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F	Social Security or Tax ID Number
Percentage	Relationship	Date of Birth or Date of Trust	Telephone
Address			<input type="checkbox"/> Per Stirpes

**THE TOTAL ALLOCATION OF ALL CONTINGENT BENEFICIARIES MUST EQUAL 100%.**

**CONTINGENT BENEFICIARIES WILL BE PAID ONLY IF ALL PRIMARY BENEFICIARIES (AND THEIR HEIRS IF PER STIRPES IS SELECTED) DO NOT SURVIVE THE PARTICIPANT.**



# Traditional IRA Application

Account Number

<b>Contingent Beneficiary 5 Name</b>		Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F	Social Security or Tax ID Number
Percentage	Relationship	Date of Birth or Date of Trust	Telephone
Address			<input type="checkbox"/> Per Stirpes

<b>Contingent Beneficiary 6 Name</b>		Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F	Social Security or Tax ID Number
Percentage	Relationship	Date of Birth or Date of Trust	Telephone
Address			<input type="checkbox"/> Per Stirpes

<b>Contingent Beneficiary 7 Name</b>		Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F	Social Security or Tax ID Number
Percentage	Relationship	Date of Birth or Date of Trust	Telephone
Address			<input type="checkbox"/> Per Stirpes

<b>Contingent Beneficiary 8 Name</b>		Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F	Social Security or Tax ID Number
Percentage	Relationship	Date of Birth or Date of Trust	Telephone
Address			<input type="checkbox"/> Per Stirpes

<b>Contingent Beneficiary 9 Name</b>		Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F	Social Security or Tax ID Number
Percentage	Relationship	Date of Birth or Date of Trust	Telephone
Address			<input type="checkbox"/> Per Stirpes

<b>Contingent Beneficiary 10 Name</b>		Gender (if applicable) <input type="checkbox"/> M <input type="checkbox"/> F	Social Security or Tax ID Number
Percentage	Relationship	Date of Birth or Date of Trust	Telephone
Address			<input type="checkbox"/> Per Stirpes

## Per Stirpes Information

If your beneficiary designation is per stirpes, you understand that if your beneficiary(ies) dies before you, the beneficiary's share of the IRA will pass to his or her respective heirs. In the field below, please provide the name of the individual responsible for advising Pershing LLC on any questions relating to the per stirpes distribution of the IRA.

Name of Responsible Individual
--------------------------------

You understand that the per stirpes instructions given to Pershing LLC by the responsible individual named above shall be binding on all beneficiaries of this IRA and of your estate and may be relied on by Pershing LLC. Pershing LLC shall not be liable for any payment made at the direction of this individual. If you do not name a responsible individual or the individual you named is unwilling or unable to advise Pershing on questions regarding the per stirpes distribution, then you understand that Pershing will rely on instructions from the executor of your estate regarding any per stirpes designation.

**PLEASE CONSULT WITH YOUR LEGAL ADVISOR BEFORE ELECTING THE PER STIRPES DESIGNATION.**

**Spousal Consent**

If you are married, reside in a community property or marital property state, and designate someone other than your spouse as your sole, primary beneficiary, your spouse must sign this form below.

**I am the spouse of the above-named account holder. I acknowledge that I have received a fair and reasonable disclosure of my spouse's property and financial obligations. Due to the important tax consequences of giving up my interest in this IRA, I have been advised to see a tax professional. I hereby give the account holder any interest I have in the funds or property deposited in this IRA and consent to the beneficiary designation(s) indicated above. I assume full responsibility for any adverse consequences that may result. No tax or legal advice was given to me by the Custodian.**

**REQUIRED IF PRIMARY BENEFICIARY IS NOT YOUR SPOUSE AND YOU LIVE IN COMMUNITY OR MARITAL PROPERTY STATES INCLUDING: AZ, CA, ID, LA, NV, NM, TX, WA, WI.**

Spouse Printed Name	Date <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 15px; height: 15px;"> </td> <td style="border: 1px solid black; width: 15px; height: 15px;"> </td> <td style="border: 1px solid black; width: 15px; height: 15px;"> </td> <td style="border: 1px solid black; width: 15px; height: 15px;"> </td> <td style="border: 1px solid black; width: 15px; height: 15px;"> </td> <td style="border: 1px solid black; width: 15px; height: 15px;"> </td> <td style="border: 1px solid black; width: 15px; height: 15px;"> </td> <td style="border: 1px solid black; width: 15px; height: 15px;"> </td> <td style="border: 1px solid black; width: 15px; height: 15px;"> </td> <td style="border: 1px solid black; width: 15px; height: 15px;"> </td> <td style="border: 1px solid black; width: 15px; height: 15px;"> </td> <td style="border: 1px solid black; width: 15px; height: 15px;"> </td> <td style="border: 1px solid black; width: 15px; height: 15px;"> </td> <td style="border: 1px solid black; width: 15px; height: 15px;"> </td> </tr> </table>														
Signature															
X															

*This space intentionally left blank.*

**STEP 5. CERTIFICATION**

I understand the eligibility requirement for the type of IRA deposits I make and I state that I qualify to make the deposit. I have reviewed and understand a copy of the Pershing LLC Traditional IRA Custodial Account Agreement which contains the plan agreement and disclosure statement. I understand that the terms and conditions which apply to this IRA are contained in this Pershing LLC Traditional IRA Custodial Account Agreement which contains the plan agreement and disclosure statement. I agree to be bound by those terms and conditions. If I elect to make a rollover contribution to this account, I hereby certify that I understand the rollover rules and conditions as they pertain to this IRA and I have met the requirements for making a rollover. Due to the important tax consequences of rolling over funds or property I have been advised to consult with a tax professional. All information provided by me is true and correct and may be relied upon by the Custodian. I assume full responsibility for establishing this IRA and for rollover transactions and will not hold the Custodian liable for any adverse consequences that may result. I hereby irrevocably designate the rollover of funds or other property as rollover contributions. I hereby adopt the Pershing LLC Individual Retirement Custodial Plan.

The Pershing LLC sweep account program makes available money market mutual funds or bank deposit products, from which your financial institution may select a sweep option to be made available to you. You should contact your financial institution or your financial professional for additional information on the offerings available to you through the sweep account program. I authorize Pershing LLC to sweep any cash balance in my account into a sweep product unless I instruct Pershing LLC or my financial institution differently and Pershing LLC is further authorized to rely on instructions that I give to my financial institution regarding my sweep elections. I understand that Pershing LLC makes available a sweep account program through which the cash balance in my IRA introduced to Pershing LLC through my financial institution can be automatically invested. I understand: (i) the current sweep option may be a money market mutual fund affiliated with Pershing LLC or my financial institution; (ii) a sweep option is not intended for use as a long-term investment option and is best used for short periods of time; (iii) the rate of return on the sweep option may vary over time, and at times may be zero; (iv) I may be able to earn a higher yield through a different investment, and I may consult with my financial professional about the available sweep options; and (v) Pershing LLC, my financial institution and their affiliates receive benefits from having money invested in the sweep program. To the extent I have money in a sweep account, I understand the sweep account will be automatically debited to satisfy obligations arising in connection with my IRA introduced to Pershing LLC through my financial institution, and I may invest any remaining money. I understand I will receive a copy of the applicable prospectus or customer disclosure document in connection with my first investment in the sweep program, and I may request a copy of the applicable prospectus or customer disclosure document now or any time. I agree that my sweep option may be changed, including changes between money market funds and bank deposit products, with prior notification to me.

**I AGREE THAT THIS AGREEMENT CONTAINS A PREDISPUTE ARBITRATION CLAUSE, WHICH IS LOCATED AT ARTICLE IX ON PAGE 7 IN THIS AGREEMENT.**

**Participant or Guardian Signature**

Print Name	Date
Signature	

X

**FINANCIAL ORGANIZATION USE ONLY**

Required approvals of the Financial Organization.

Investment Professional Name	Date
Signature	
Operations Manager Name	Date
Signature	

X

**PLEASE FORWARD TO YOUR FINANCIAL ORGANIZATION FOR APPROVAL.**

# Prototype SEP Checklist

## INSTRUCTIONS:

There are two different types of SEP plans available through Pershing LLC, and we want to be sure we are properly serving your needs.

**BEFORE COMPLETING ANY OF THE FORMS IN THIS KIT** help us make sure we are establishing the proper type of SEP for you. This can be determined by your answers to 4 questions:

1. Is it your intention to continue to provide for a Salary Reduction Simplified Employee Pension (SARSEP)? In other words do you want to allow your employees to continue their contributions from their salary into your amended SEP plan? YES\_\_\_ NO\_\_\_
2. Is your plan going to include provisions for Social Security Integration? YES\_\_\_ NO\_\_\_
3. Do you intend to maintain this plan on a fiscal year that is different from the calendar year? YES\_\_\_ NO\_\_\_
4. Do you currently maintain another qualified retirement plan (such as a Profit Sharing Plan or a Money Purchase Pension Plan)? YES\_\_\_ NO\_\_\_

If you have answered **YES** to **ANY ONE** of these questions then you should complete the Pershing LLC Prototype SEP Adoption Agreement and the other applicable forms in this kit. However, if you have answered **NO** to **ALL** of the above questions, then your SEP can be established simply by using IRS Form 5305-SEP, instead of the SEP Prototype Adoption Agreement. For your convenience, a SEP IRA kit is available.

## CONTENTS:

It is possible that not every form and document in this kit will be necessary for your particular SEP plan. Please go through this list and make sure everything required for your plan is included in your kit. If you discover that a document is missing from your kit, which you believe you should have, please notify your investment professional.

Your SEP Plan Kit contains the following booklets, forms, and other information:

Booklets:	Included?
1. Prototype SEP Basic Plan Document	YES___ NO___
2. Traditional IRA Adoption Agreement and Plan Document	YES___ NO___
3. SEP Employee Information Booklet	YES___ NO___

Forms:	Included?
4. Prototype SEP Adoption Agreement	YES___ NO___
5. IRA Adoption Agreement	YES___ NO___
6. Retirement Plan Contribution Form	YES___ NO___
7. SEP Salary Reduction Agreement	YES___ NO___
8. SEP Discrimination Test Worksheet	YES___ NO___
9. Customer Account Transfer Form (RPD 150)	YES___ NO___

## Other Information:

- |                               |              |
|-------------------------------|--------------|
| 10. SEP Summary for Employees | YES___ NO___ |
| 11. Fee Schedule              | YES___ NO___ |

*Each document is explained in the following sections.*

## BOOKLETS:

1. **The Prototype SEP Basic Plan Document**  
Along with the completed Adoption Agreement, the Prototype Plan Document details and defines your retirement plan. To keep your particular plan qualified for favorable tax treatment, the provisions

detailed in the Plan Document must be followed explicitly. Keep this Plan Document with your SEP plan materials. The provisions in this Plan Document are in compliance with the new tax laws. If you are bringing your SEP plan to us from another custodian, it replaces your previous SEP.

## 2. The Traditional IRA Adoption Agreement and Disclosure Statement

A prototype SEP cannot exist without an accompanying IRA. IRAs are the funding vehicles for SEPs. Contributions to a SEP are actually made to an employee's prototype SEP. This is the plan document that details and defines the IRA. As with any plan document, the provisions of the IRA must be followed explicitly. Keep this IRA plan document with your SEP plan materials. The provisions of this IRA are in compliance with current tax laws.

## 3. SEP Employee Information Booklet

This booklet is designed to explain SEPs to employees in plain terms to give them a better understanding of this valuable retirement benefit. If you need more copies of this booklet, just ask your investment professional. This booklet must be given to each employee regardless of whether or not they participate in the plan.

## FORMS:

## 4. SEP Prototype Plan Adoption Agreement

This form should be used only if your plan cannot be established by using the IRS Form 5305-SEP. It is the primary form that you must complete to either initially establish your Prototype SEP Plan, or restate and update your existing SEP. When completed, it contains the optional provisions of your plan. If you use this Prototype Adoption Agreement, you do not need to complete IRS Form 5305-SEP.

Please complete each section of the Prototype Plan Adoption Agreement using the item-by-item instructions printed on the reverse side of the Adoption Agreement.

## 5. IRA Adoption Agreement

This form is used to establish self-directed SEP Individual Retirement Accounts for each of your eligible employees. Each eligible employee must complete an IRA Adoption Agreement whether or not they intend to make salary deferral contributions to the plan. The establishment of a SEP IRA for each eligible employee is a Treasury Department regulation. Your plan could be disqualified if an eligible employee does not maintain a SEP IRA—funded or not.

## 6. Retirement Plan Contribution Form

You should complete this form only if you are making a contribution to the plan at this time. If not, save the form for future use.

## 7. SEP Reduction Agreement

This form defines the terms of the salary deferral arrangements between the participant and the employer, and serves as the payroll deduction authorization. Each employee who is participating in the salary deferral feature of the SEP should complete this agreement. Remember, for the salary deferral feature of the plan to be valid, at least 50% of the eligible employees must agree to make salary deferrals. The completed document is for **your** information and should be kept in **your** files—it should **not** be sent to us. It can only be used if you are adopting the prototype plan. It cannot be used with IRS Form 5305-SEP.

## 8. Discrimination Test Worksheet

SEPs with salary deferral features have to pass well defined discrimination tests to retain their tax advantaged status. Basically the discrimination test limits the deferral contributions of the highly compensated employees to 125% of the deferrals of the non-highly compensated employees. It is a good idea to test your plan regularly to assure compliance with these rules.

Plans that fail the discrimination test are required to take remedial action by returning a portion of the deferrals to the highly compensated employees to the extent that the reduced deferrals



bring the plan into compliance with the discrimination rules. The most recent test must be made available at any time to comply with a plan audit. Plans found to be out of compliance can be disqualified.

#### 9. Brokerage Account Transfer Form (RPD 150)

**NOTE:** *If you are not transferring assets from another custodian, then skip this Section 9—you do not need this form.*

This form is used to transfer your IRA or SEP assets from another custodian to your SEP plan at Pershing LLC. Please follow the instructions on the cover sheet carefully because an incomplete or incorrect form will delay the transfer. If you have any questions or problems with this form, please contact your investment professional for guidance.

#### OTHER INFORMATION:

##### 10. SEP Summary For Employees

This form accommodates the requirement that you advise your employees that a SEP has been adopted and tells them the major provisions of the plan. A copy of this completed form should be given to each employee.

##### 11. Fee Schedule

Before you decide to use us as your retirement plan custodian and prototype sponsor please be sure that you are familiar with our fees. They are very competitive and we constantly attempt to keep the fees at a minimum. However, these fees are subject to change.

The following are some of the services that are included in our fees:

- > You are assured of plan compliance with the latest IRS regulations. The prototype SEP plan is qualified by the IRS—the opinion letter is in your Plan Document.
- > You will receive monthly consolidated statements if your account is active, or at least quarterly statements if it is inactive.
- > We will perform your Fair Market Value reporting and your contribution and distribution reporting as required by the IRS.
- > You will have broad flexibility in setting up periodic distributions. We will even calculate your required minimum distributions when you reach the mandatory distribution age.

#### SEP CHECKLIST:

*Before you return the completed forms to your investment professional, please take a minute to go over the following checklist:*

1. Have you completed all the sections of the Adoption Agreement that pertain to your Plan? YES\_\_\_ NO\_\_\_

*Sometimes a default answer will apply if you leave a section blank.*

2. Have you signed the Prototype Adoption Agreement as the Employer in Section 8? YES\_\_\_ NO\_\_\_

*If not, we must return your Adoption Agreement without setting up your plan.*

3. Have you provided us with a Traditional IRA Adoption Agreement for yourself and for every employee who is eligible to participate in the plan? YES\_\_\_ NO\_\_\_

*The plan can be disqualified if there are eligible employees without accompanying IRAs.*

4. If you are making a contribution to your plan now, have you completed a Retirement Plan Contribution Form? YES\_\_\_ NO\_\_\_

*If you are not making a contribution now, save the form for future use.*

5. If your plan assets are to be transferred from another financial organization, have you provided your investment professional with the properly completed transfer form? YES\_\_\_ NO\_\_\_

*An improperly completed transfer form will delay the transfer process. Ask your investment professional for assistance.*

If you have any questions about completing any of the forms properly, or questions regarding which forms are necessary to establish your plan, please contact your tax advisor or your investment professional.

# SEP

## SEP SUMMARY FOR EMPLOYEES

**Plan** *Please read together with your Employee Information Booklet.*

### ESTABLISHMENT OF SEP PLAN

Your Employer has adopted a type of Employee benefit plan known as a simplified employee pension (SEP) plan. To become a participant in the Plan, you must meet the Plan's eligibility requirements specified below. Once you become a Participant, you are entitled to receive a certain share of the amounts your Employer contributes under the Plan and/or make contributions to the Plan out of your salary. All contributions will be deposited into a Traditional IRA for you. Contributions made under the Plan for you are yours to keep. These features of the Plan are explained further in the accompanying *Employee Information Booklet*.

The actual Plan is a complex legal document that has been written in a manner required by the Internal Revenue Service. The *SEP Summary for Employees*, however, is designed to explain and summarize the important features of the Plan. If you have any questions or need additional information about the Plan, consult \_\_\_\_\_.

(Name of Employer Representative)

You may examine the Plan itself at a reasonable time by making arrangements with the above-mentioned representative of your Employer.

### EMPLOYER INFORMATION

Name of Adopting Employer \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_ Plan Year End \_\_\_\_\_

### TYPE OF PLAN

- Basic SEP Plan:** Your Employer has adopted a "basic" SEP Plan. Under this type of SEP Plan, your Employer may (but is not required to) make contributions on your behalf. Your right to receive a contribution and the amount of the contribution are detailed in the sections below.
- Salary Deferral SEP Plan:** Your Employer has adopted a "salary deferral" SEP Plan. Under this type of SEP Plan, your Employer may (but is not required to) make contributions on your behalf. In addition, if you agree to a payroll deduction, your Employer will deposit the percentage of your salary you specify to your IRA. These types of contributions are called Elective Deferrals.

### EFFECTIVE DATES

The Effective Date of this SEP Plan is \_\_\_\_\_.

If this is a restatement of an existing SEP Plan (a Prior Plan), the Prior Plan was initially effective on \_\_\_\_\_.

The Effective Date of this restatement is \_\_\_\_\_.

### ELIGIBILITY

**Employer Contributions:** Contributions and, if a salary deferral SEP Plan has been adopted, Elective Deferrals, may be made by your Employer for you if you are an "eligible" Employee and if you have met the age and service requirements set forth below.

**Eligible Employees:** Under the SEP Plan, all Employees can participate except the classifications of Employees checked below:

- Those Employees covered by the terms of a collective bargaining agreement (a union agreement) where retirement benefits were negotiated.
- Those Employees who are nonresident aliens who received no United States earned income from the Employer.
- Those Employees that are determined to be acquired Employees as a result of an acquisition or similar transaction with the Employer as described in the Code (during the transition period only).
- Those Employees who did not earn at least \$450 (2006), \$500 (2007) from the Employer during the year. (This amount is subject to cost-of-living adjustments.)

**Age Requirement:** You must be at least \_\_\_\_\_ years old.

All Employees will be considered to have met the age and service requirements described above if employed on the Effective Date of this SEP Plan.  Yes  No

**Service Requirement:** You must have worked for your Employer in at least \_\_\_\_\_ (must be 0, 1, 2, or 3) of the immediately preceding five years.

### CONTRIBUTION AND ALLOCATION FORMULAS

The amount of the Employer Contribution, if any, will be determined according to the formula selected below:

- Discretionary:** An amount determined each year by the Employer.
- Fixed Percent of Profits Formula:** \_\_\_\_\_ % of the Employer's profits in excess of \$ \_\_\_\_\_.
- The Employer will not make Employer contributions to the SEP Plan.

Any Employer contribution will be allocated to your IRA in accordance with the formula selected below:

- Pro Rata Formula:** Each eligible Employee will receive a pro rata portion of the Employer Contribution equal to the ratio of his or her Compensation to the total Compensation of all eligible Employees. Thus, the contribution will be the same percentage of Compensation for all Employees.
- Flat Dollar Formula:** The Employer Contribution for all eligible Employees will be the same dollar amount.
- Integrated Formula:** Integration allows contribution percentages among eligible Employees to vary. Details about integration are provided in your *Employee Information Booklet*. The integration level is:  
 The Taxable Wage Base (TWB); or  \_\_\_\_\_ % of the TWB.

**Elective Deferrals:** (for salary deferral SEP plans only) You can set aside each pay period an amount not in excess of \$ \_\_\_\_\_ or \_\_\_\_\_ % of your salary or earnings from your Employer to your IRA, but the dollar amount set aside for any calendar year cannot exceed \$15,000 for 2006, \$15,500 for 2007. (After 2007, the limitation may be adjusted for cost-of-living increases.)

Catch-Up Contributions  will or  will not be permitted under the SEP Plan.

If Catch-Up Contributions are available under the SEP Plan, and you will attain age 50 on or before the end of the calendar year, you can elect to have your Elective Deferrals increased by an additional amount. This additional amount shall not be greater than \$5,000 for 2006 and 2007. (After 2007, the limitation may be adjusted for cost-of-living increases.)

Your Employer has elected that you  may  may not authorize an amount of a cash bonus not to exceed \$11,000 (as indexed) to be contributed to your IRA rather than being paid to you in cash.

PROTOTYPE SEP  
WITH PLAN SPONSOR

You are required to maintain your Prototype SEP with Pershing LLC (“Pershing”), the Custodian that makes the SEP available to your employer.

**Investment Options:** As a participant in this plan you have the right to direct the investment of all contributions and earnings thereon. Your direction is limited to publicly traded securities, covered call options, mutual funds, money market instruments, and other investments obtainable through Pershing, as Custodian of your Prototype SEP. Information regarding your investment options are detailed in the Pershing Traditional Individual Retirement Custodial Account Plan, and the corresponding Disclosure Statement.

Please refer to the Pershing Traditional Individual Retirement Custodial Account Plan and Disclosure Statement for other terms and conditions which apply to your Prototype SEP.

# SEP Plan

## SALARY REDUCTION AGREEMENT (for use with Salary Deferral SEP Plans only)

**IMPORTANT: Carefully read all sections of this Salary Reduction Agreement before signing it.**

### SECTION A. GENERAL INFORMATION

#### EMPLOYER AND PLAN INFORMATION

Name of Plan: \_\_\_\_\_  
Name of Employer: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

#### EMPLOYEE INFORMATION

Name: \_\_\_\_\_ Employee No.: \_\_\_\_\_  
Home Address: \_\_\_\_\_ SSN: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

### SECTION B. TERMS OF AGREEMENT *To Be Completed By the Employer*

#### LIMITS ON ELECTIVE DEFERRALS

Each Employee who is eligible to enroll as a Contributing Participant in this Simplified Employee Pension (SEP) Plan may set aside an amount not in excess of \$\_\_\_\_\_ or \_\_\_\_\_% of his or her pay into the Plan. A participant who is age 50 or older by the end of the Plan Year may be allowed to make additional Catch-Up Contributions. The amounts set aside and contributed to the Plan are called Elective Deferrals.

Employees  may or  may not base Elective Deferrals on cash bonuses.

#### CHANGING THIS AGREEMENT

An Employee may change the percentage of pay he or she is setting aside into the Plan as of any enrollment date (which dates are \_\_\_\_\_ and \_\_\_\_\_). Any Employee who wishes to make such a change must complete and sign a new *Salary Reduction Agreement* and give it to the Employer at least 30 days before the change is to become effective.

#### TERMINATING THIS AGREEMENT

An Employee may, by giving at least 30 days written notice to the Employer, terminate this *Salary Reduction Agreement* as of the last day preceding any enrollment date (or more frequently, if permitted by the Employer). After terminating this *Salary Reduction Agreement*, an Employee cannot again enroll as a Contributing Participant (by completing and signing a new *Salary Reduction Agreement*) until the first day of the Plan year following the year of termination.

#### EFFECTIVE DATE

This *Salary Reduction Agreement* will be effective for the pay period which begins \_\_\_\_\_.

### SECTION C. AUTHORIZATION *To Be Completed By the Employee*

#### SALARY REDUCTION AGREEMENT

I, the undersigned Employee, wish to set aside, as Elective Deferrals, the following dollar amount or percentage of my pay into my Employer's SEP Plan by means of payroll deduction: \$\_\_\_\_\_ or \_\_\_\_\_%.

**NOTE:** *If you are eligible to defer and you attain (or are deemed to have attained) age 50 before the close of the Plan Year, you may be able to make Catch-Up Contributions under the SEP Plan. Certain limits as required by law must be met prior to being eligible to make Catch-Up Contributions. Your election above will pertain to Elective Deferrals which may include Catch-Up Contributions. See your Employer for the Catch-Up Contribution limit for the year, and additional information.*

I, the undersigned Employee, if permitted by my Employer, wish to set aside \$\_\_\_\_\_ of a cash bonus, as an Elective Deferral into my Employer's SEP Plan.

I agree that my pay will be reduced in the manner I have indicated above, and that this amount of my pay will be contributed to the Plan. This *Salary Reduction Agreement* will continue to be effective while I am employed, unless I change or terminate it as explained in Section B above. I acknowledge that I have read this entire *Salary Reduction Agreement*, I understand it and I agree to its terms.

#### RESTRICTION ON DISTRIBUTIONS AND TRANSFERS

I understand that I should not withdraw or transfer any amounts from my IRA that are attributable to SEP plan Elective Deferral and income on Elective Deferrals for a particular Plan Year (except for excess Elective Deferrals) until 2½ months after the end of the Plan Year or, if sooner, when my Employer notifies me that the actual deferral percentage limitation test for the Plan Year has been completed. Any such amounts that I withdraw or transfer before this time will be includible in income for purposes of Code sections 72(t) and 408(d)(1).

#### SIGNATURES

\_\_\_\_\_  
*Signature of Employee*

\_\_\_\_\_  
*Authorized Signature for Employer*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Title*

\_\_\_\_\_  
*Date*



# SEP

## DISCRIMINATION TEST WORKSHEET (for use with Salary Deferral SEP Plans only)

**Plan** Please read together with your Employee Information Booklet.

Column A	Column B	Column C	Column D
Non-Highly Compensated Employees	Elective Deferrals/Year	Unreduced Compensation/Year	Deferral Percentage = B/C
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			
19.			
20.			
<b>TOTAL</b>			

Total from Column D \_\_\_\_\_ ÷ Number of Employees in Column A \_\_\_\_\_ = \_\_\_\_\_ = ADP

Column A	Column B	Column C	Column D	Column E	Column F	
Highly Compensated Employees	Elective Deferrals/Year	Unreduced Compensation/Year	Deferral Percentage = B/C	Limit = ADP x 1.25	Test: D ≤ E?	
					YES	NO
1.						
2.						
3.						
4.						
5.						

## INSTRUCTIONS FOR COMPLETING DISCRIMINATION TEST WORKSHEET

---

This worksheet is to be used by an Employer who has adopted a salary deferral SEP plan to determine whether Elective Deferrals made under the Plan comply with Section 408(k)(6) of the Internal Revenue Code. This testing procedure should be performed when the Plan is initially set up (by using estimated figures), at each enrollment date (by using estimated or actual figures) and at the end of each Plan Year (by using actual figures). If the test results reveal that the antidiscrimination rules have been violated for a Plan Year, the Employer must follow the correction procedure found in Section 7.04 of the Plan. This worksheet is furnished as a service to the Adopting Employer by the Prototype Sponsor. The Prototype Sponsor is not obligated to conduct this discrimination test on behalf of the Adopting Employers nor is it obligated to amend this worksheet to incorporate changes to the anti-discrimination rules brought about by changes in the law.

- Column A** List all Employees who are eligible to become Contributing Participants (under Section Three of the Adoption Agreement) and who are not Highly Compensated Employees as defined below under Column A.
- Column B** List the Elective Deferrals actually made by each non-Highly Compensated Employee for the Plan Year.
- Column C** List the unreduced Compensation (Compensation paid during the Plan Year plus Elective Deferrals made for the Plan Year) for each non-Highly Compensated Employee.
- Column D** For each non-Highly Compensated Employee, divide the amount in Column b by the amount in Column c and list the quotient here (expressed as a percentage).
- 

- Column A** List all Employees who are eligible to become Contributing Participants (under Section Three of the Adoption Agreement) and who are Highly Compensated Employees. An Employee is a Highly Compensated Employee if he or she:
1. Was a five-percent owner of the Employer at any time during the year or the preceding year; or
  2. During the preceding year earned more than \$80,000 (as indexed) in annual Compensation from the Employer and, if elected by the Employer, was a member of the top-paid group of Employees (the top 20 percent of Employees by pay during the same year).
- Column B** List the Elective Deferrals actually made by each Highly Compensated Employee for the Plan Year.
- Column C** List the unreduced Compensation (Compensation paid during the Plan Year plus Elective Deferrals made for the Plan Year) for each Highly Compensated Employee.
- Column D** For each Highly Compensated Employee, divide the amount in Column B by the amount in Column C and list the quotient here (expressed as a percentage).
- Column E** Calculate the Deferral Percentage limit which will apply to each Highly Compensated Employee by multiplying the Actual Deferral Percentage (ADP) for the non-Highly Compensated Employees by 1.25.
- Column F** Indicate whether each Highly Compensated Employee has satisfied the test by checking the appropriate box.

# RETIREMENT PLAN CONTRIBUTION FORM

## I. EMPLOYER/PARTICIPANT ACCOUNT NUMBER

ACCOUNT NUMBER:     -

## II. SELECT PLAN TYPE (For participant IRA contributions to SEP/SARSEP accounts, use the IRA Contribution Form or the Asset Movement Authorization Form)

401(k)  PROFIT SHARING PLAN  SIMPLE IRA  SEP  403(b)(7)  MONEY PURCHASE PENSION PLAN/TARGET BENEFIT PLAN  SIMPLE 401(k)  SARSEP

EMPLOYER/PLAN NAME: \_\_\_\_\_

SOCIAL SECURITY NUMBER:    -   -       or TAXPAYER IDENTIFICATION NUMBER:   -

## III. SELECT CONTRIBUTION TYPE (Allocate cash and/or securities as designated to the account(s) listed below)

CHECK AMOUNT: \$ \_\_\_\_\_  CHECK NUMBER: \_\_\_\_\_

CONTRIBUTION AUTHORIZATION: I hereby authorize the contribution of cash/securities from the following Pershing account:     -

(You may only contribute securities as a rollover, or as an employer contribution to 401(k), 403(b)(7), and profit sharing accounts)

ACCOUNT NUMBER	EMPLOYER CONTRIBUTION			EMPLOYEE DEFERRAL		401(k) Use Only <input type="checkbox"/> Volume After Tax <input type="checkbox"/> QNEC <input type="checkbox"/> QMAC	ROLLOVER (List cash/securities) See certification statement below.
	CURRENT YEAR	PREVIOUS YEAR	EMPLOYER MATCHING	CURRENT YEAR	PREVIOUS YEAR		
FACT Deposit Code <small>(Internal Use Only)</small>	L	P	2	1	B	3 / 4 / 5	N
JR10 SOURCE CODE <small>(Internal Use Only)</small>	ECN	ECP	EMC	EDC	EDP	VAT / QNE / QMC	ROC

## IV. ROLLOVER CERTIFICATION

If I elect to make a rollover contribution to this account, I hereby certify that I understand the rollover rules and conditions as they pertain to the retirement plan indicated above, and I have met the requirements for making a rollover. Due to the important tax consequences of rolling over funds or property, I have been advised to consult with a tax professional. All information provided by me is true and correct and may be relied upon by the Custodian. I assume full responsibility for rollover transactions and will not hold the Custodian liable for any adverse consequences that may result. I hereby irrevocably designate the rollover of funds or other property as rollover contributions.

### AGE 70½ ROLLOVER AND TRANSFER RESTRICTION

If you are the age of 70½ or older in this year, you may not transfer or rollover required minimum distribution amounts. If necessary, instruct your present custodian to either: 1) pay your required minimum distribution to you now; or 2) retain that amount for distribution to you later.

## V. SIGNATURE AND CERTIFICATION

PARTICIPANT SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

TRUSTEE/PLAN ADMINISTRATOR SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

Make checks payable to: Pershing LLC FBO (Employer/Plan Name) and write the account number from *Section I* on the check.

**PLEASE RETURN TO:**  
Pershing LLC  
Attention: Retirement Products Department  
One Pershing Plaza  
Jersey City, New Jersey 07399



# Account Transfer Form Instructions

**Complete all sections according to the instructions below. Please print or type all information. Return the completed form to your financial organization.**

You must attach your most recent brokerage account statement to process this account transfer. For an internal transfer (for instance, a transfer of assets between two introducing broker-dealers who clear through Pershing) the brokerage account statement is not required. Non-U.S. positions being transferred into your account will be held in U.S. dollars unless your financial firm instructs Pershing to hold the non-U.S. positions in their original currency.

## Step 1. Receiving Firm Information

- Provide your Pershing account number.
- Provide your Social Security Number (SSN) or Tax Identification Number (TIN).
- If the account is a joint account, provide the SSN or TIN for the joint owner.
- Provide the two character account type code that most accurately describes your account.

## Step 2. Delivering Account Information

- Provide the clearing firm number. If there is no clearing firm number, enter the delivering firm name, contact name, and telephone number.
- Provide the original account number of the account you are delivering to Pershing.
- Provide the account title as it appears on your brokerage account statement for the account you are transferring.

## Step 3. Transfer Type

Indicate the type of transfer you are requesting by checking the appropriate box. Pershing will only transfer positions in kind for retail accounts. For nonretirement accounts, the quickest way to liquidate your assets is to call your existing financial organization and place a sell order. In order to ensure that the trade is executed at the time and price you want, request to have the proceeds check mailed directly to you. For checks, please refer to delivery instructions on this page (include your account number on the check).

- A Direct Registration System (DRS)/Direct Reinvestment Plan (DRIP) transfer is a transfer of a position held directly at the transfer agent.
- A direct mutual fund transfer is a transfer in kind of a direct mutual fund position from the mutual fund company.
- Bank retirement plan accounts involve transfers of retirement plans at banks with CDs, checking accounts, or savings accounts. Please indicate if you want to liquidate immediately or defer these instructions until maturity date. Please contact your financial organization to stop any automated rollover reinvestments. (Please read Step 5 and sign when applicable.)

## Step 4. Partial Transfers, Direct Mutual Funds, and Liquidations

If you selected Partial Transfer, use this section to specify the appropriate assets for a partial transfer. If you selected Direct Mutual Fund Transfer, use this section to identify the mutual fund positions to transfer.

- Liquidation instructions will only be accepted from non-National Securities Clearing Corporation (NSCC) firms.
- Select a dividend and capital gain option for direct, in kind mutual fund transfers. If a box is not checked, Pershing will process the transfer as reinvest, for dividend and capital gain options.

## Step 5. Retirement Plan Restrictions and Certifications

If you are transferring a retirement account and are over the age of 70½, read this section carefully. Contact your investment professional or financial organization if you have any questions.

- The new custodian must provide the appropriate paperwork.
- For retirement accounts for which Pershing LLC acts as the custodian or servicing agent, you must pay all termination fees to your prior custodian before you can transfer assets. Any deposit made to your Pershing LLC custodian account to reimburse fees after the transfer shall be processed as a current year contribution.

If you are transferring from a trustee, make the appropriate selection. If you have selected someone other than Pershing LLC as custodian, have your investment professional or financial organization obtain the necessary signatures to accept custodianship.

## Step 6. Participant Signature and Certification

- Sign and date the form.
- The form must be signed, dated, and signature guaranteed within 90 days of its receipt.



# Account Transfer Form

## STEP 1. RECEIVING FIRM INFORMATION

Receiving Firm Clearing Number <b>0443</b>	Account Number
Primary Account Holder SSN/Tax ID	Secondary Account Holder SSN/Tax ID

ONLY ONE RECEIVING FIRM PER FORM.

Account Type (two-character code)
-----------------------------------

### Account Type Codes

NONRETIREMENT		RETIREMENT			
<b>SN</b> Single	<b>CU</b> Custodian	<b>IR</b> Traditional IRA	<b>4K</b> 401k	<b>4B</b> 403b	
<b>JT</b> Joint	<b>ES</b> Estate	<b>RI</b> Roth IRA	<b>SI</b> Simple IRA	<b>7b</b> 457 Plan	
<b>TR</b> Trust	<b>BC</b> Bank Custody	<b>DR</b> Direct Rollover	<b>QP</b> Qualified Plan	<b>5p</b> 529 Plan	
<b>CT</b> Cotrustee	<b>AG</b> Agency	<b>BI</b> Beneficiary	<b>EI</b> Education Savings Account	<b>HS</b> Health Savings Account	
<b>CO</b> Corporate	<b>OT</b> Other	<b>BR</b> Beneficiary Roth IRA			

## STEP 2. DELIVERING ACCOUNT INFORMATION

Clearing Number	Account Number
Firm Name	
Account Title (as it appears on your statement)	

A COMPLETE COPY OF YOUR MOST RECENT BROKERAGE ACCOUNT STATEMENT IS NECESSARY TO PROCESS THIS FORM. NON-U.S. POSITIONS BEING TRANSFERRED INTO YOUR ACCOUNT WILL BE HELD IN U.S. DOLLARS UNLESS YOUR FINANCIAL FIRM INSTRUCTS PERSHING TO HOLD THE NON-U.S. POSITIONS IN THEIR ORIGINAL CURRENCY.

### Delivering Firm Contact Information (mandatory when clearing number is not provided)

Contact Name	Telephone Number	
Firm Address (no P.O. box)		
City	State	Zip/Postal Code

## STEP 3. TRANSFER TYPE

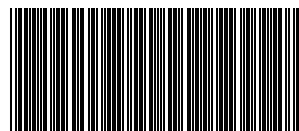
Choose only one.

### Account Transfer

- Full** (check one below)
- Transfer all assets in kind (skip to Step 6).
  - Liquidate all assets listed in Step 4 (liquidations are not for brokerage accounts).
  - Transfer all assets in kind except for the assets listed in Step 4, which require liquidation.
- Partial** (complete Step 4)

### DRS/DRIP

- Full** (check one below)
- Sell fractions and close account.
  - Transfer all full shares only.
- Partial** (list assets in Step 4)



RPD-150ACAT

FOR TRANSFER AGENTS, ELECTRONICALLY SEND POSITIONS OR ISSUE A CERTIFICATE FOR WHOLE SHARES AND REDEEM FRACTIONAL SHARES.

# Account Transfer Form

Account Number -

## Direct Mutual Fund

Transfer mutual funds from the account held directly at the fund company (see list in Step 4 for exact instructions).

**ONLY ONE FUND FAMILY PER FORM.**

## Bank Retirement Plan Accounts (select only one)

Liquidate immediately and transfer cash.

I am aware of and acknowledge any penalty I will incur from an early withdrawal.

Liquidate at maturity and transfer cash.

Specify maturity date \_\_\_\_\_ (submit two to three weeks before maturity date).

**LIQUIDATIONS INVOLVING BANK CDS, CHECKING ACCOUNTS, OR SAVINGS ACCOUNTS CAN ONLY BE PROCESSED FROM RETIREMENT ACCOUNTS.**

## STEP 4. PARTIAL TRANSFERS, DIRECT MUTUAL FUNDS, AND LIQUIDATIONS

If there are more than eight assets, attach a signed list to this form.

QUANTITY	ASSET DESCRIPTION	CUSIP <sup>1</sup> /SYMBOL	FUND ACCOUNT NUMBER	TRANSFER INSTRUCTIONS <sup>2</sup>	DIVIDEND OPTIONS <sup>3</sup>	CAPITAL GAIN OPTION <sup>3</sup>	ESTIMATED \$ VALUE
				<input type="checkbox"/> Transfer in Kind <input type="checkbox"/> Liquidate	<input type="checkbox"/> Cash <input type="checkbox"/> Reinvest	<input type="checkbox"/> Cash <input type="checkbox"/> Reinvest	
				<input type="checkbox"/> Transfer in Kind <input type="checkbox"/> Liquidate	<input type="checkbox"/> Cash <input type="checkbox"/> Reinvest	<input type="checkbox"/> Cash <input type="checkbox"/> Reinvest	
				<input type="checkbox"/> Transfer in Kind <input type="checkbox"/> Liquidate	<input type="checkbox"/> Cash <input type="checkbox"/> Reinvest	<input type="checkbox"/> Cash <input type="checkbox"/> Reinvest	
				<input type="checkbox"/> Transfer in Kind <input type="checkbox"/> Liquidate	<input type="checkbox"/> Cash <input type="checkbox"/> Reinvest	<input type="checkbox"/> Cash <input type="checkbox"/> Reinvest	
				<input type="checkbox"/> Transfer in Kind <input type="checkbox"/> Liquidate	<input type="checkbox"/> Cash <input type="checkbox"/> Reinvest	<input type="checkbox"/> Cash <input type="checkbox"/> Reinvest	
				<input type="checkbox"/> Transfer in Kind <input type="checkbox"/> Liquidate	<input type="checkbox"/> Cash <input type="checkbox"/> Reinvest	<input type="checkbox"/> Cash <input type="checkbox"/> Reinvest	
				<input type="checkbox"/> Transfer in Kind <input type="checkbox"/> Liquidate	<input type="checkbox"/> Cash <input type="checkbox"/> Reinvest	<input type="checkbox"/> Cash <input type="checkbox"/> Reinvest	
				<input type="checkbox"/> Transfer in Kind <input type="checkbox"/> Liquidate	<input type="checkbox"/> Cash <input type="checkbox"/> Reinvest	<input type="checkbox"/> Cash <input type="checkbox"/> Reinvest	

<sup>1</sup> CUSIP® belongs to its respective owner.

<sup>2</sup> If you have requested a liquidation, your market price is not guaranteed. You will receive the current market price after your transfer request is received, reviewed, and determined to be in good order by the delivering firm. Pershing is not responsible for market fluctuations or delays in the review process. DRS items cannot be liquidated.

<sup>3</sup> If this is a mutual fund transfer and there is no dividend or capital gain option checked in the section above, Pershing will process this request as reinvest.

**For Office Use Only:** All transfers must be added to Pershing's transfer system.

## STEP 5. RETIREMENT PLAN RESTRICTIONS AND CERTIFICATIONS

**Age 70½ restrictions:** If you are at least the age of 70½ this year and you are rolling over assets from a qualified plan or 403(b) account, you must take your required minimum distribution (RMD) from your qualified plan or 403(b) account before rolling over your assets.

**Rollover Certification of Employee:** I understand the rules and conditions and I have met the requirements for making a rollover. Due to the important tax consequences of rolling over funds or property, I have been advised to see a tax professional. All information provided by me is true and correct and may be relied on by Pershing LLC. I assume full responsibility for this rollover transaction and will not hold Pershing LLC liable for any adverse consequences that may result. I hereby irrevocably designate this contribution in funds or other property as a rollover contribution.

### To the Prior Trustee

Pershing LLC accepts appointment as successor custodian.

Please be advised that the following does hereby accept appointment as successor custodian.

Successor Custodian's Firm Name	Date
Successor Custodian's Signature	<input type="text"/> - <input type="text"/>

X

**STEP 6. PARTICIPANT SIGNATURE AND CERTIFICATION**

**To the Delivering Firm Named Above:** If this account is a qualified retirement account, I have amended the applicable plan so that it names as successor custodian the trustee listed above. Unless otherwise indicated in the instruction above, please transfer all assets in my account to Pershing without penalties, such assets may be transferred within the time frames required by Financial Industry Regulatory Authority (FINRA) Rule 11870, or similar rule of FINRA or other designated examining authority. Unless otherwise indicated in the instructions above, I authorize you to liquidate any nontransferable proprietary money market fund assets that are part of my account and transfer the resulting credit balance to the successor custodian. I authorize you to deduct any outstanding fees due to you from the credit balance in my account. If my account does not contain a credit balance, or if the credit balance in the account is insufficient to satisfy any outstanding fees due to you, I authorize you to liquidate the assets in my account to the extent necessary to satisfy that obligation. If certificates or other instruments in my account are in your physical possession, I instruct you to transfer them in good deliverable form, including affixing any necessary tax waivers, to enable the successor custodian to transfer them in its name for the purpose of the sale, when, and as directed to me. I understand that upon receiving a copy of this transfer information, you will cancel all open orders for my account on your books. I affirm that I have destroyed or returned to you credit/debit cards and/or unused checks issued to me in connection with my brokerage account. I understand that you will contact me with respect to the disposition of any assets in my brokerage account that are nontransferable.

**Primary Account Holder**

Print Name	Date
Signature	<input type="text"/>

X

PLEASE ATTACH YOUR MOST RECENT BROKERAGE ACCOUNT STATEMENT TO PROCESS THIS ACCOUNT TRANSFER.

**Secondary Account Holder (if applicable)**

Print Name	Date
Signature	<input type="text"/>

X

**Investment Professional Information**

Investment Professional Name	Investment Professional Telephone Number
------------------------------	------------------------------------------

**SIGNATURE GUARANTEED BY (FOR INTERNAL USE ONLY)**

# Account Transfer Form

Account Number

## FOR PROFESSIONAL USE ONLY

### Contact

Account Transfers (888) 367-2563

### Send to

Pershing LLC  
One Pershing Plaza  
Jersey City  
New Jersey 07399

### Tax Identification Number

13-2741729

### Checks\*

Rollovers	All Other Transfers
<b>Overnight Mail</b> Pershing LLC ATTN: Box 19274 500 Ross Street 154-0455 Pittsburgh, PA 15262-0001	<b>Overnight Mail</b> Pershing LLC ATTN: Box 4619102 500 Ross Street 154-0455 Pittsburgh, PA 15262-0001
<b>Regular Mail</b> Pershing LLC PO Box 19274 Newark, NJ 07195-0274	<b>Regular Mail</b> Pershing LLC PO Box 19102 Newark, NJ 07195-0102

### Certificates\*

Send certificates to the attention of Department S, Pershing LLC, One Pershing Plaza, Jersey City, New Jersey 07399

### Limited Partnerships Documents\*

Send limited partnership documents to the Non-ACAT Department, Pershing LLC, One Pershing Plaza, Jersey City, New Jersey 07399

### Cost Basis\*

Please deliver through the DTCC Cost Basis Reporting Service (CBRS), firm account 00000443 CBRS account 0000A00C. For Non CBRS firms please mail to Pershing LLC, One Pershing Plaza, Jersey City NJ 07399. Attention Cost Basis department or fax to (866) 355-5620.

### Depository Trust and Clearing Corporation (DTCC) and Eligible Securities and Options\*

Instruct DTCC eligible securities and the Options Clearing Corporation eligible options to clearing broker number 0443.

### Federal Entry Securities\*

Instruct federal entry securities, for instance, Treasury notes, to BK OF NYC/PERSHING, ABA number 021000018.

### Federal Fund Wires (cash)\*

To transfer federal funds to Pershing, your clients must provide the following wire instructions to the financial organization that will be transmitting the funds on their behalf:

Bank: The Bank of New York

ABA Number: 021000018

Beneficiary: Pershing LLC

Beneficiary Account Number: 890-051238-5

Ultimate Beneficiary: Client's Brokerage Account Name

Ultimate Beneficiary Account Number: Client's Brokerage Account Number (for instance, 123-456789-1)

If any of the above information is missing, there may be a delay in crediting the account or the funds may be returned to the sender. With regard to incoming federal fund wires for retirement accounts for which Pershing LLC is the custodian or servicing agent, please notify Pershing via Service Center in NetExchange Pro® (Retirement Processing category, Contributions request), on any contribution-related deposits to ensure that the funds are coded properly for tax reporting.

### Foreign Securities\*

Send all foreign securities to the Non-ACAT Department to setup instructions to receive the securities using Euroclear number 92146.

### Reject Letters

Send all reject letters to the Non-ACAT Department.

*\*Include Pershing account number on all documentation.*