

SEP IRA APPLICATION

Custodial SEP IRA Agreement



1st Discount Brokerage, Inc.

Member FINRA-SIPC

ACCOUNT NUMBER

1. Account Information

Please print. All information must be completed in order for your account to be processed.

FULL NAME OF PARTICIPANT (First/ Middle/ Last)

SOCIAL SECURITY NUMBER

DATE OF BIRTH

HOME ADDRESS (P.O. Box is not sufficient)

CITY/ STATE/ ZIP CODE

HOME TELEPHONE NUMBER

EMAIL ADDRESS

BUSINESS ADDRESS

CITY/ STATE/ ZIP CODE

BUSINESS TELEPHONE NUMBER

PLEASE INDICATE THE ADDRESS TO WHICH ALL MAIL SHOULD BE SENT

Home Business P.O. Box

P.O. BOX/ CITY/ STATE/ ZIP CODE

NAME OF YOUR BANK

BANK ACCOUNT NUMBER

COUNTRY OF CITIZENSHIP

COUNTRY OF LEGAL RESIDENCE

OCCUPATION

EMPLOYER

IF YOU ARE AFFILIATED WITH OR WORK FOR A SECURITIES FIRM, PLEASE SPECIFY COMPANY.

IF YOU ARE A DIRECTOR, 10% SHAREHOLDER OR POLICY-MAKING OFFICER OF A PUBLICLY TRADED COMPANY, PLEASE SPECIFY THE COMPANY.

HAVE YOU GRANTED TRADING AUTHORIZATION TO ANOTHER PARTY?

IF YES, REQUEST TRADING AUTHORIZATION FORM AND PROVIDE NAME OF AGENT

Yes No

If you do not want your name, address and security position released to requesting companies in which you hold securities, please check here.

2. Investment Profile

INVESTMENT OBJECTIVE	INVESTMENT EXPERIENCE	ANNUAL INCOME	LIQUID NET WORTH	ESTIMATED NET WORTH	RISK TOLERANCE
<input type="checkbox"/> Capital Preservation (05)	<input type="checkbox"/> None (00)	(from all sources)	(cash & liquid investments only)	(excluding residence)	<input type="checkbox"/> Low
<input type="checkbox"/> Income (04)	<input type="checkbox"/> Limited (01)	<input type="checkbox"/> Under \$25,000 (01)	<input type="checkbox"/> Under \$50,000 (01)	<input type="checkbox"/> Under \$50,000 (01)	<input type="checkbox"/> Medium
<input type="checkbox"/> Growth (03)	<input type="checkbox"/> Good (02)	<input type="checkbox"/> \$25,000 to \$50,000 (02)	<input type="checkbox"/> \$50,000 to \$100,000 (02)	<input type="checkbox"/> \$50,000 to \$100,000 (02)	<input type="checkbox"/> High
<input type="checkbox"/> Speculation (06)	<input type="checkbox"/> Extensive (03)	<input type="checkbox"/> \$50,000 to \$100,000 (03)	<input type="checkbox"/> \$100,000 to \$500,000 (03)	<input type="checkbox"/> \$100,000 to \$500,000 (03)	
<input type="checkbox"/> Other (08)		<input type="checkbox"/> Over \$100,000 (04)	<input type="checkbox"/> Over \$500,000 (04)	<input type="checkbox"/> Over \$500,000 (04)	
TAX BRACKET					
	%				

3. Type of Account

SEP-Simplified Employee Pension Account

NAME OF BUSINESS




4. Contribution Type

(Check One)

- Regular IRA contribution for tax year 20 _____
- Rollover from an IRA, employer-sponsored retirement plan or 403(b)
- SEP IRA, contribution for tax year 20 _____ (employer will make SEP contribution to participants IRA account)
- Transfer of existing IRA or SEP IRA



Please cut along the dotted line and return to your broker.

5. Depositor Authorization	<p>I understand that I have the right to direct the investment and reinvestment of contributions to my Account and hereby appoint the following brokerage firm as my agent to execute my directions, as Broker under the terms of the Custodial Agreement.</p> <p>BROKERAGE FIRM _____</p> <p>ACCOUNT NUMBER _____</p>																														
6. Enhanced Account Features	<p>E-Documents Enrollment When you enroll your account in E-Docs, you will receive trade confirmations, account statements, tax-related documents, proxies, prospectuses, annual reports, and all other eligible account documents electronically. An e-mail notification will be sent to the Account Owner's e-mail address on the same day that any electronic documents become available. Just log into your account to access E-Docs and view, print or download your electronic documents.</p> <p>Please see your Investment Representative for enrollment information.</p>																														
7. Beneficiary Designation	<p>I hereby make the following designation of beneficiary pursuant to the provisions of the Penson Financial Services, Inc. Custodial Agreement: In the event of my death, pay any interest I may have in my Custodial Account in equal proportions unless otherwise indicated to the following Primary Beneficiary or Beneficiaries:</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td rowspan="2" style="width:5%; text-align:center; vertical-align:middle;">1</td> <td style="width:50%;">NAME _____</td> <td style="width:25%;">RELATIONSHIP _____</td> <td style="width:20%;">DATE OF BIRTH _____</td> </tr> <tr> <td>ADDRESS _____</td> <td></td> <td>SHARE PERCENTAGE _____ % SOCIAL SECURITY NUMBER _____</td> </tr> <tr> <td rowspan="2" style="text-align:center; vertical-align:middle;">2</td> <td>NAME _____</td> <td>RELATIONSHIP _____</td> <td>DATE OF BIRTH _____</td> </tr> <tr> <td>ADDRESS _____</td> <td></td> <td>SHARE PERCENTAGE _____ % SOCIAL SECURITY NUMBER _____</td> </tr> </table> <p>If none of the above-named Primary Beneficiaries survives me, pay any interest I may have in my Custodial Account in equal proportions unless otherwise indicated to the following Alternate Beneficiary or Beneficiaries of the survivor(s) thereof:</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td rowspan="2" style="width:5%; text-align:center; vertical-align:middle;">1</td> <td style="width:50%;">NAME _____</td> <td style="width:25%;">RELATIONSHIP _____</td> <td style="width:20%;">DATE OF BIRTH _____</td> </tr> <tr> <td>ADDRESS _____</td> <td></td> <td>SHARE PERCENTAGE _____ % SOCIAL SECURITY NUMBER _____</td> </tr> <tr> <td rowspan="2" style="text-align:center; vertical-align:middle;">2</td> <td>NAME _____</td> <td>RELATIONSHIP _____</td> <td>DATE OF BIRTH _____</td> </tr> <tr> <td>ADDRESS _____</td> <td></td> <td>SHARE PERCENTAGE _____ % SOCIAL SECURITY NUMBER _____</td> </tr> </table> <p>I understand that the Beneficiaries named herein may be changed or revoked by me at any time by filing a new designation in writing with the custodian. Spouse Consent (See Note): _____</p> <p>Note: Consent of the Account holder's (Participant) Spouse may be required (for example, in a Community Property or Marital Property State) to effectively designate a beneficiary other than or in addition to the Participant's Spouse. Please consult a legal, tax, or other professional advisor to confirm if this consent is necessary. I indemnify Penson from any adverse action as a result of my beneficiary designation.</p>			1	NAME _____	RELATIONSHIP _____	DATE OF BIRTH _____	ADDRESS _____		SHARE PERCENTAGE _____ % SOCIAL SECURITY NUMBER _____	2	NAME _____	RELATIONSHIP _____	DATE OF BIRTH _____	ADDRESS _____		SHARE PERCENTAGE _____ % SOCIAL SECURITY NUMBER _____	1	NAME _____	RELATIONSHIP _____	DATE OF BIRTH _____	ADDRESS _____		SHARE PERCENTAGE _____ % SOCIAL SECURITY NUMBER _____	2	NAME _____	RELATIONSHIP _____	DATE OF BIRTH _____	ADDRESS _____		SHARE PERCENTAGE _____ % SOCIAL SECURITY NUMBER _____
1	NAME _____	RELATIONSHIP _____	DATE OF BIRTH _____																												
	ADDRESS _____		SHARE PERCENTAGE _____ % SOCIAL SECURITY NUMBER _____																												
2	NAME _____	RELATIONSHIP _____	DATE OF BIRTH _____																												
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	ADDRESS _____		SHARE PERCENTAGE _____ % SOCIAL SECURITY NUMBER _____																												
2	NAME _____	RELATIONSHIP _____	DATE OF BIRTH _____																												
	ADDRESS _____		SHARE PERCENTAGE _____ % SOCIAL SECURITY NUMBER _____																												
8. Signature Section	<p>Please read the following IRA Account Terms and sign where indicated.</p> <ol style="list-style-type: none"> I acknowledge, by signing this agreement, that I have received, read, understand and agree to the terms and conditions as described in the Penson Financial Services, Inc. "Disclosure Statement" and "Custodial Agreement". I understand the eligibility requirements for the type of IRA deposit I am making and state that I do qualify to make the deposit. I certify that, under penalty of perjury, my Social Security number on this application is correct. I have read and understand the Investment Objective Definitions: Capital Preservation - a conservative investment strategy characterized by a desire to avoid risk of loss; Income - strategy focused on current income rather than capital appreciation; Growth - investing in stocks with strong earnings and/or revenue growth or potential; Speculation - taking larger risks, usually by frequent trading, with hope of higher than-average gain. All strategies involve various types and levels of risk, the most common of which are market, credit, inflation, business and interest rate. <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:75%;">SIGNATURE OF PARTICIPANT </td> <td style="width:25%;">DATE _____</td> </tr> <tr> <td>BRANCH APPROVAL _____</td> <td>Penson Financial Services, Inc. ACCEPTANCE _____</td> </tr> </table>			SIGNATURE OF PARTICIPANT 	DATE _____	BRANCH APPROVAL _____	Penson Financial Services, Inc. ACCEPTANCE _____																								
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For Office Use Only	FIRST TRADE _____	DATE OPENED _____	INTRODUCING BROKER / DEALER _____	CUSTOMER ID VERIFIED (Must be Completed) <input type="checkbox"/> Yes <input type="checkbox"/> No																											
	ACCOUNT NO. _____	INTRODUCING REP. SIGNATURE _____	APPROVED BY _____																												



SEP Summary for Employees

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 to the Plan. All contributions will be deposited into a Traditional IRA for you. Contributions made to 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 _____
City _____ State _____ Zip _____
Telephone _____ Plan Year End _____

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: Your Employer is not required to make contributions to the Plan. However, if a contribution is made, your IRA will receive a share of that contribution 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. (After 2007, 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 FORMULA

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.

Eligibility Form

The following questions are designed to help you, the Employer, along with your attorney and tax advisor, determine if you are eligible to adopt a SEP Plan. Answer the following questions:

- | | YES | NO | |
|---------------------|--------------------------|--------------------------|---|
| REQUIREMENTS | <input type="checkbox"/> | <input type="checkbox"/> | 1. Do you own or control a business from which your personal services are an income producing factor?
<i>If the answer is NO, STOP. You are not eligible to establish this Plan.</i> |
| | <input type="checkbox"/> | <input type="checkbox"/> | 2. Is the business a member of a controlled group of corporations, businesses, or trades, (whether or not incorporated) within the meaning of IRC Section 414(b) or 414(c)? |
| | <input type="checkbox"/> | <input type="checkbox"/> | 3. Is the business a member of an affiliated service group within the meaning of IRC Section 414(m)? |
| | <input type="checkbox"/> | <input type="checkbox"/> | 4. Does the business use the services of leased employees within the meaning of IRC Section 414(n)? |

If you answered any of the above questions 2 through 4 YES, you may have to include the leased employees and/or Employees of the other business(es) in this Plan. Consult your tax advisor to determine what additional action, if any, you must take.

SIGNATURE **IMPORTANT: Please read before signing:**

- I certify that:
1. I am an authorized representative of the Employer and the Employer is eligible to establish the SEP Plan of the Prototype Sponsor.
 2. In determining my eligibility to adopt this Plan, I relied solely upon the advice of my own advisors.
 3. I agree not to hold the Prototype Sponsor responsible for any liabilities I may suffer as a result of being found ineligible to establish this Plan.

DATE EXECUTED _____

TYPE NAME OF EMPLOYER _____

SIGNATURE OF EMPLOYER _____



Standard Employee Pension Plan ABOUT THE SEP PLAN

WHAT IS A SEP PLAN?

A simplified employee pension (SEP) plan is a type of retirement plan which allows you, the Employer, to provide an important benefit to the Employees of your business (including yourself if you perform services for the business). An "Employer" may be a sole proprietor, partnership, or corporation. Amounts you contribute for your Employees under the SEP plan are deposited into your Employees' Traditional IRAs.

SEP PLAN HIGHLIGHTS

Tax Advantages: SEP plan contributions you make to your own IRA and your Employees' IRAs are tax deductible to you, the Employer. Because SEP plan contributions are made to an IRA, all earnings are tax-deferred, meaning the earnings are not taxed until they are withdrawn from the IRA. In addition, a SEP plan helps you attract and retain quality Employees while you help meet the increasing need for financial security at retirement.

Eligibility Requirements: Not all Employees have to be covered under a SEP plan. At your option, you can exclude Employees who have not reached age 21, those who have not worked for you during at least three of the immediately preceding five years, and those who earn less than \$450 per year. (This amount is subject to cost-of-living adjustments.) In addition, you may exclude Employees who are nonresident aliens, certain union members, and acquired Employees (during a transaction period only).

Contributions: Each year you may decide if you want to make a SEP plan contribution. The maximum contribution which can be made each year for any Employee is 25 percent of Compensation or \$44,000 (2006), \$45,000 (2007), (after 2007, this amount is subject to cost-of-living adjustments), whichever is less.

You have until the due date for filing your business's tax return (plus extensions) to make contributions to your SEP Plan.

Place of Deposit: All contributions made under the Plan must be deposited into each eligible Employee's IRA.

Integration: This Plan allows you to integrate your contributions with Social Security under the "permitted disparity" rules. If your Plan is integrated, contributions made for higher paid Employees may be greater (as a percentage of their pay) than contributions made for lower paid Employees.

Distributions: Once SEP plan contributions are made, the normal IRA rules apply. For example, all earnings are tax-deferred until they are withdrawn from the IRA and required minimum distributions must begin by April 1 of the year following the year the IRA holder reaches age 70½.

WHAT ABOUT PLAN SET UP?

A SEP plan is easy to set up and administer. As the Employer, you have until the due date for your business's tax return (plus extensions) to set up a SEP plan. To establish a SEP plan, you must sign an Adoption Agreement. Once the Plan is set up, all eligible Employees (including yourself) establish IRAs to receive the SEP plan contributions.

Maintaining a SEP plan is also easy. Unlike other qualified retirement plans, no additional reporting is required. You simply take a deduction on your tax return for the SEP plan contributions and notify Employees of the contribution.

EMPLOYEE COMMUNICATIONS

SEP Summary for Employees: If you have Employees, complete the *SEP Summary for Employees* in accordance with the elections you made on the Adoption Agreement. Provide each Employee with a completed copy.

Employee Information Booklet: If you have Employees, provide each Employee with an *Employee Information Booklet*, whether or not he or she is currently eligible to participate in this SEP Plan.

Establish IRAs: Ensure all participating Employees have established IRAs. If not, you may do so.

SUMMARY

If you are interested in establishing this SEP Plan, consult your tax and legal advisors for guidance in selecting the plan features which best suit your business's needs. Once you are ready to adopt the Plan, refer to the enclosed instructions for completing these documents and properly establishing your Plan.



Standard Simplified Employee Pension 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

If you wish to have us, the financial organization 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

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, 2006, the Effective Date would be January 1, 2006.

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 required. 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 requirement 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 nonresident 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 (2006), \$500 (2007) (indexed for cost-of-living adjustments) 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.

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, flat dollar formula, or an integrated formula. Check either Option 1, 2, or 3.

Option 1. Pro Rata Formula

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

Option 2. Flat Dollar Formula

Check this option if you wish to have the same dollar amount allocated 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.

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. 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.



Standard Simplified Employee Pension Plan

ADOPTION AGREEMENT

EMPLOYER INFORMATION

Name of Adopting Employer _____
Address _____
City _____ State _____ Zip _____
Telephone _____ Adopting Employer's Income Tax Year End _____
(month) (day)
Adopting Employer's Federal Tax Identification Number _____

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 *Check and complete Option A or B.*

- Option A:** This is the initial adoption of a Simplified Employee Pension plan by the Employer.
The Effective Date of this Plan is _____.
NOTE: *The Effective Date is usually the first day of the Plan Year in which this Adoption Agreement is signed.*
- Option B:** 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 _____.
NOTE: *The Effective Date is usually the first day of the Plan Year in which this Adoption Agreement is signed.*

SECTION 3. ELIGIBILITY AND PARTICIPATION *Complete Parts A through D, as appropriate.*

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.

NOTE: *If left blank, the service requirement will be deemed to be 0.*

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). (*Complete if applicable*)

Part B. Age Requirement

An Employee will be eligible to become a Participant in the Plan after attaining age _____ (*no more than 21*).

NOTE: *If left blank, it will be deemed there is no age requirement for eligibility.*

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? (*Select one*)

Option 1: Yes.

Option 2: No.

NOTE: *If no option is selected, Option 2 shall be deemed to be selected.*

Part D. Class of Employees Eligible to Participate

All Employees shall be eligible to become Participants in the Plan, except the following. (*Select any that apply*)

- Collective bargaining unit Employees as described in Section 3.02(A) of the Plan.
- Non-resident aliens as described in Section 3.02(B) of the Plan.
- Acquired Employees as described in Section 3.02(C) of the Plan.
- 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.

SECTION 4. CONTRIBUTIONS AND ALLOCATIONS *Complete Parts A and B, as appropriate.*

Part A. Contribution Formula (*Select Option 1 or 2*)

Option 1: **Discretionary Formula.** For each Plan Year the Employer will contribute an amount to be determined from year to year.

Option 2: **Fixed Percent of Profits Formula.** _____ percent of the Employer's profits that are in excess of \$_____.

NOTE: *If no option is selected, Option 1 shall be deemed to be selected.*

Part B. Allocation Formula (Select Option 1, 2, or 3)

Option 1: **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.

Option 2: **Flat Dollar Formula.** The Employer Contributions allocated to the IRAs of Participants, shall be the same dollar amount for each Participant.

Option 3: **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: (Select one)

Suboption (a): The Taxable Wage Base (TWB).

Suboption (b): _____% of the TWB.

NOTE: If no Suboption is selected, Suboption (a) (Taxable Wage Base) shall be deemed to be selected.

NOTE: If no option is selected in Part B, Option 1 (Pro Rata Formula) shall be deemed to be selected.

SECTION 5. COMPENSATION AND PLAN YEAR ELECTIONS Complete Parts A and B, as appropriate.

Part A. Compensation

For purposes of Employer Contributions, Compensation will mean all of each Participant's: (Select one)

Option 1: W-2 wages.

Option 2: Section 3401(a) wages.

Option 3: 415 safe-harbor compensation.

NOTE: If no option is selected, Option 1 shall be deemed to be selected.

Part B. Plan Year (Select one)

Option 1: The 12-consecutive month period which coincides with the Adopting Employer's fiscal year.

Option 2: The calendar year.

Option 3: Other 12-consecutive month period. (Specify a 12-consecutive month period selected in a uniform and nondiscriminatory manner) _____

NOTE: If no option is selected, Option 1 shall be deemed to be selected.

If the initial Plan Year is a short Plan Year (i.e., less than 12 months), specify such Plan Year's beginning and ending dates.

SECTION 6. There are no elections required for Section Six. Refer to the Basic Plan Document for information regarding this section.

SECTION 7. EMPLOYER SIGNATURE

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.

Signature of Adopting Employer _____ Date Signed _____

(Type Name) _____

Name of Prototype Sponsor _____

Address _____

City _____ State _____ Zip _____

Telephone _____



STANDARD SIMPLIFIED EMPLOYEE PENSION PLAN

Basic Plan Document

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:

1. **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)).
2. **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)).
3. **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:
 - (a) 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;
 - (b) 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;
 - (c) Amounts realized from the sale, exchange, or other disposition of stock acquired under a qualified stock option; and
 - (d) 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.

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.

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.

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 3.01 of the Plan and Section Three of the Adoption Agreement, 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 (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.

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 **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.

4.03 **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.

SECTION FIVE COMPENSATION AND PLAN YEAR ELECTIONS

Except as otherwise provided in the Adoption Agreement, Compensation shall mean W-2 wages and 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**ADOPTING EMPLOYER SIGNATURE**

Section Seven 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.