

**ADOPTION AGREEMENT #002**  
**NONSTANDARDIZED MONEY PURCHASE PENSION PLAN**

The undersigned adopting employer hereby adopts this Plan and its related Trust. The Plan and Trust are intended to qualify as a tax-exempt money purchase pension plan and trust under Code sections 401(a) and 501(a), respectively. The Plan shall consist of this Adoption Agreement, its related Basic Plan Document and any related Addendum to the Adoption Agreement. Unless otherwise indicated, all Section references are to Sections in the Basic Plan Document.

**COMPANY INFORMATION**

1. Name of adopting employer (Plan Sponsor): \_\_\_\_\_
2. Address \_\_\_\_\_
3. City: \_\_\_\_\_ 4. State: \_\_\_\_\_ 5. Zip: \_\_\_\_\_
6. Phone number: \_\_\_\_\_ 7. Fax number: \_\_\_\_\_
8. Plan Sponsor EIN: \_\_\_\_\_
9. Plan Sponsor fiscal year end: \_\_\_\_\_
- 10a. Plan Sponsor entity type:
  - i. ☐ C Corporation
  - ii. ☐ S Corporation
  - iii. ☐ Partnership
  - iv. ☐ Limited Liability Company
  - v. ☐ Limited Liability Partnership
  - vi. ☐ Sole Proprietorship
  - vii. ☐ Union
- 10b. If 10a.vi (Union) is selected, enter name of the representative of the parties who established or maintain the Plan: \_\_\_\_\_
11. State of organization of Plan Sponsor: \_\_\_\_\_
- 12a. The Plan Sponsor is a member of an affiliated service group:  
☐ Yes ☐ No
- 12b. If 12a is "Yes", list all members of the group (other than the Plan Sponsor): \_\_\_\_\_
- 13a. The Plan Sponsor is a member of a controlled group:  
☐ Yes ☐ No
- 13b. If 13a is "Yes", list all members of the group (other than the Plan Sponsor): \_\_\_\_\_

**PLAN INFORMATION**

**A. GENERAL INFORMATION**

1. **Plan Number:** \_\_\_\_\_
2. **Plan name:**
  - a. \_\_\_\_\_
  - b. \_\_\_\_\_
3. **Effective Date:**
- 3a. Original effective date of Plan: \_\_\_\_\_
- 3b. Is this a restatement of a previously-adopted plan?  
☐ Yes ☐ No
- 3c. If A.3b is "Yes", effective date of Plan restatement: \_\_\_\_\_  
**NOTE:** If A.3b is "No", the Effective Date shall be the date specified in A.3a, otherwise the date specified in A.3c; provided, however, that when a provision of the Plan states another effective date, such stated specific effective date shall apply as to that provision.
4. **Plan Year** means each 12-consecutive month period ending on \_\_\_\_\_ (e.g. December 31). If the Plan Year changes, any special provisions regarding a short Plan Year should be placed in the Addendum to the Adoption Agreement.
5. **Limitation Year** means:
  - i. ☐ Plan Year
  - ii. ☐ calendar year
  - iii. ☐ tax year of the Plan Sponsor

**Compensation**

20. Definition of Compensation:
  - i. ☐ **W-2.** 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.
  - ii. ☐ **Withholding.** Wages within the meaning of Code section 3401(a) for the purposes of income tax withholding at the source.

iii. ☐ **415 Safe Harbor.** Only those items specified in Treas. Reg. section 1.415-2(d)(2)(i) and excluding all of those items listed in Treas. Reg. section 1.415-2(d)(3).

21. Include deferrals in definition of Compensation?

☐ Yes ☐ No.

Unless "No" is checked, Compensation shall also include any amount which is contributed by the Company pursuant to a salary reduction agreement and which is not includable in the gross income of the Employee under Code sections 125, 402(e)(3), 402(h) or 403(b).

**NOTE:** See **A.27** for effective date of inclusion of elective amounts that are not includable in the gross income of the Participant under Code section 132(f).

### Compensation Exclusions

22. Exclude pay earned before participation in Plan from definition of Compensation:

☐ Yes ☐ No

Unless "No" is checked, Compensation shall include only that compensation which is actually paid to the Participant by the Company during that part of the Plan Year the Participant is eligible to participate in the Plan. Otherwise, Compensation shall include that compensation which is actually paid to the Participant by the Company during the Plan Year.

23. Exclude certain fringe benefits from definition of Compensation:

☐ Yes ☐ No

If "Yes" is checked, Compensation shall exclude all of the following items (even if includable in gross income): reimbursements or other expense allowances, fringe benefits (cash and noncash), moving expenses, deferred compensation, and welfare benefits.

24a. Exclude other pay from definition of Compensation for the following Participants:

i. ☐ None

ii. ☐ Highly Compensated Employees only

iii. ☐ All Participants

**A.24a.iii** (All Participants) may not be selected if the Plan uses an integrated formula.

24b. If **A.24a.ii** or **iii** is selected, describe other pay excluded from definition of Compensation:

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### Testing Compensation

26. Definition of Testing Compensation:

i. ☐ **W-2.** 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.

ii. ☐ **Withholding.** Wages within the meaning of Code section 3401(a) for the purposes of income tax withholding at the source.

27. For Plan Years beginning on or after \_\_\_\_\_, elective amounts that are not includable in the gross income of the Participant under Code section 132(f) shall be taken into account to the extent that other deferrals are taken into account in determining compensation for any purpose in the Plan.

### Highly Compensated Employee

29. Use top-paid group election in determining Highly Compensated Employees:

☐ Yes ☐ No

30. Use calendar year beginning with or within the preceding Plan Year in determining Highly Compensated Employees for any year other than that described in **A.31**:

☐ Yes ☐ No

31. Use calendar year election for 1997 Plan Year:

☐ Yes ☐ No

If "Yes" is checked, for the Plan Year beginning between January 1, 1997 and December 31, 1997 the determination of a Highly Compensated Employee shall be made with regard to Testing Compensation paid for the calendar year ending within such Plan Year.

### Other Definitions

32. Definition of Disability:

i. ☐ The Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. The permanence and degree of such impairment shall be supported by medical evidence.

ii. ☐ The determination by the Social Security Administration that the Participant is eligible to receive disability benefits under the Social Security Act.

- iii. ☐ The Participant suffers from a physical or mental impairment that results in his inability to engage in any occupation comparable to that in which the Participant was engaged at the time of his disability. The permanence and degree of such impairment shall be supported by medical evidence.
- iv. ☐ The Participant is eligible to receive benefits under a Company-sponsored disability plan.
- v. ☐ The Participant is mentally or physically disabled under uniform rules consistently applied to all Participants in like circumstances.

33. Name of state or commonwealth for choice of law (Section 14.06): \_\_\_\_\_

## B. ELIGIBILITY

### Exclusions

The term "Eligible Employee" shall not include (Check items **B.1** - **B.4a** as appropriate):

- 1. ☐ **Union.** Any Employee who is included in a unit of Employees covered by a collective bargaining agreement, if retirement benefits were the subject of good faith bargaining, and if the collective bargaining agreement does not provide for participation in this Plan.
- 2. ☐ Any **Leased Employee.** (as defined in Article 2).
- 3. ☐ **Non-Resident Alien.** Any Employee who is a non-resident alien who received no earned income (within the meaning of Code section 911(d)(2)) which constitutes income from services performed within the United States (within the meaning of Code section 861(a)(3)).
- 4a. ☐ **Other.** Other Employees described in **B.4b** (any exclusion must satisfy Code section 401(a)).
- 4b. If **B.4a** is selected, describe other excluded Employees from definition of Eligible Employee:  
\_\_\_\_\_

- 5. **Opt-Out.** An Employee may irrevocably elect not to participate in the Plan:  
☐ Yes ☐ No

### Other Employer Service

- 6a. Count service with other non-affiliated employers for eligibility purposes:  
☐ Yes ☐ No
- 6b. If **B.6a** is "Yes", list other non-affiliated employers: \_\_\_\_\_

### Break in Service

- 7. **Rule of parity.** If an Employee does not have any nonforfeitable right to the Account balance derived from Employer contributions, exclude eligibility service before a period of five (5) consecutive One-Year Breaks in Service/Periods of Severance.  
☐ Yes ☐ No
- 8. **One-year holdout.** If an Employee has a One-Year Break in Service/Period of Severance, exclude eligibility service before such period until the Employee has completed a Year of Eligibility Service after returning to employment with the Employer.  
☐ Yes ☐ No

### Immediate Participation

- 9. If the Plan is a new plan, allow immediate participation to all Eligible Employees on the original effective date of the Plan specified in **A.3a**:  
☐ Yes ☐ No

### Pension Contributions

An Eligible Employee shall be eligible to receive an allocation of Pension Contributions at the time specified in **B.12** upon meeting the requirements of **B.10** and **B.11** (Section 3.03(b)):

- 10. Minimum age requirement for Pension Contributions: \_\_\_\_\_ (21 maximum - leave blank or enter "0" if none)
- 11. Minimum service requirement for Pension Contributions (Cannot exceed 1 year, unless the Plan provides a nonforfeitable right to 100% of the Participant's Pension Account balance after not more than 2 years of service, in which case up to 2 years is permitted.):
  - a. ☐ Completion of \_\_\_\_\_ Year(s) of Eligibility Service (Not to exceed 2)
  - b. ☐ Completion of \_\_\_\_\_ Month(s) of Eligibility Service (Not to exceed 12 - See **B.23**)
  - c. ☐ Completion of the number of Hours of Service specified in **B.23** in a \_\_\_\_\_ month period (Not to exceed 12. The rules regarding computation of service found under the definition of Month of Eligibility Service apply for purposes of determining service under **B.11c**.)
  - d. ☐ None
- 12a. Frequency of entry dates for Pension Contributions:

- i. ☐ An Eligible Employee shall become a Participant eligible to receive an allocation of Pension Contributions immediately upon meeting the requirements of **B.10** and **B.11**.
- ii. ☐ first day of each calendar month
- iii. ☐ first day of each plan quarter
- iv. ☐ first day of the first month and seventh month of the Plan Year
- v. ☐ first day of the Plan Year

**12b.** If **B.12a.i.** (immediate entry) is not selected, an Eligible Employee shall become a Participant eligible to receive an allocation of Pension Contributions on the entry date selected in **B.12a** that is:

- i. ☐ coincident with or next following
- ii. ☐ next following
- iii. ☐ coincident with or immediately preceding
- iv. ☐ immediately preceding
- v. ☐ nearest to

the date the requirements of **B.10** and **B.11** are met.

**NOTE:** The combination of **B.11** and **B.12** must meet the requirements of Code section 410(a). For instance, **B.12a.v** may not be selected with **B.12b.i** if two Years of Service is required under **B.11**.

### Eligibility Service Computation Rules

- 20.** Eligibility service computation method (Unless **B.20.ii** (Elapsed Time) is selected, the Plan will use the Hours of Service method for determining eligibility service. If **B.20.ii** (Elapsed Time) is selected, questions **B.21** through **B.24** are disregarded.):
  - i. ☐ Hours of Service
  - ii. ☐ Elapsed Time
- 21.** Eligibility Computation Period switch to Plan Year:
  - ☐ Yes ☐ No
- 22.** Enter the number of Hours of Service necessary for Year of Eligibility Service: \_\_\_\_\_ (Not more than 1,000. If left blank, the Plan will use 1,000 Hours of Service.)
- 23.** If eligibility is computed using months, enter the number of Hours of Service necessary for a Month of Eligibility Service under **B.11b** or enter the number of Hours of Service that must be completed in the period described under **B.11c**: \_\_\_\_\_ (Not more than 83 if computed per month under **B.11b**; or not more than 83 times the number of months selected in **B.11c**.)
 

**NOTE:** If eligibility is computed using months, the service requirement under **B.11b** or **B.11c**, as applicable, shall be deemed met no later than the end of an Eligibility Computation Period during which the Eligible Employee completes 1,000 Hours of Service; provided, that the individual is an Eligible Employee on the applicable entry date.
- 24.** Select hours equivalency for eligibility purposes:
  - i. ☐ None.

An Employee shall be credited with the following service with the Employer:

  - ii. ☐ 10 Hours of Service for each day or partial day
  - iii. ☐ 45 Hours of Service for each week or partial week
  - iv. ☐ 95 Hours of Service for each semi-monthly payroll period or partial semi-monthly payroll period
  - v. ☐ 190 Hours of Service for each month or partial month

### C. CONTRIBUTIONS

#### Voluntary Contributions

- 11.** If Voluntary Contributions were formerly allowed in the Plan, distributions from a Participant's Voluntary Contribution Account will be paid first out of contributions accumulated prior to January 1, 1987:
  - ☐ Yes ☐ No

#### Pension - Service

**NOTE:** An Eligible Employee who has met the requirements of **B.10** through **B.12** and who has satisfied the following requirements shall be eligible to receive an allocation of Pension Contributions during the applicable Plan Year.

- 21a.** Require service for a Participant to receive an allocation of Pension Contributions? (Section 4.03)
  - ☐ Yes ☐ No
- 21b.** If **C.21a** is "Yes", Hours of Service required in the applicable Plan Year for a Participant to receive an allocation of Pension Contributions: \_\_\_\_\_ (Not more than 1,000. If left blank, the Plan will use 1,000 Hours of Service.)
- 22.** Require employment by the Company on the last day of Plan Year for a Participant to receive an allocation of Pension Contributions?
  - ☐ Yes ☐ No
- 23.** Waive service requirement under **C.21** and last day requirement under **C.22** for a Participant who Terminates employment with the Employer during the Plan Year due to:
  - a. ☐ death.
  - b. ☐ Disability.

- c. ☐ attainment of Normal Retirement Age.
24. Method to fix Pension Contribution Code section 410(b) coverage failures (Section 4.03(d)):
- i. ☐ Do not automatically fix
- ii. ☐ Add just enough Participants to meet the coverage requirements
- iii. ☐ Add all non-excludable Participants

#### Pension - Formula

25. Pension contribution formula. The Company's Pension contribution shall be determined and allocated to eligible Participants who have met the requirements of **B.10** through **B.12** and **C.21** through **C.24** as follows (Section 4.03):
- ☐ i. **Pro rata.** In the amount of the percentage specified in **C.26** of each such Participant's Compensation.
- ☐ ii. **Integrated.** In the amount of the sum of:
- (1) the percentage specified in **C.26** of each such Participant's Compensation; plus
- (2) the percentage specified in **C.27c** of each such Participant's Excess Compensation.
26. Enter base contribution percentage: \_\_\_\_\_

#### Pension - Integration

- 27a. If **C.25.ii** is selected (integrated contribution formula), integration level for determining Excess Compensation:
- i. ☐ Taxable wage base (as defined under Section 230 of the Social Security Act) in effect on the first day of such Plan Year.
- ii. ☐ Fixed percentage of taxable wage base (as defined under Section 230 of the Social Security Act) in effect on the first day of such Plan Year
- iii. ☐ Fixed dollar amount
- 27b. If **C.25.ii** (integrated contribution formula) is selected, and **C.27a.i** (taxable wage base) is not selected, enter amount (Not to exceed 100% or the amount of the taxable wage base (as defined under Section 230 of the Social Security Act) in effect on the first day of the Plan Year):
- \_\_\_\_\_ % of taxable wage base, or \$ \_\_\_\_\_
- 27c. If **C.25.ii** (integrated contribution formula) is selected, enter amount of permitted disparity: \_\_\_\_\_ (may not exceed the lesser of the percentage specified in **C.26** or the amount determined pursuant to the table set forth below)

Integration Level	Permitted Disparity
More than \$0 but not more than 20% of the TWB	5.7%
More than 20% of the TWB but not greater than 80% of the TWB	4.3%
More than 80% of the TWB but less than 100% of the TWB	5.4%
100% of the TWB	5.7%

TWB = taxable wage base (as defined under Section 230 of the Social Security Act)

#### Pension - Disability

- 28a. Allocate Pension Contributions to Disabled Participants (Section 4.03(e)):
- ☐ Yes ☐ No
- 28b. If **C.28a** is "Yes", select the anniversary of Disability when allocations end (Allocations to a Disabled Participant end as of the earliest of: (i) the last day of the Plan Year in which occurs the anniversary of the start of the Participant's Disability specified in this **C.28b**, or (ii) such other time specified in Section 4.03(e).):
- ☐ first ☐ second ☐ third ☐ fourth ☐ fifth ☐ sixth ☐ seventh ☐ eighth ☐ ninth ☐ tenth

#### Rollovers

30. Rollover Contributions are permitted (Section 4.05):
- i. ☐ No
- ii. ☐ Yes - All Eligible Employees may make a Rollover Contribution even if not yet a Participant in the Plan
- iii. ☐ Yes - Only active Participants may make a Rollover Contribution
- 31a. If **C.30** is not "No", Rollover Contributions are permitted from:
- i. ☐ All qualified plans and tax favored vehicles allowed under Code section 402 (Section 4.05(b) as amended by the EGTRRA Addendum to the Basic Plan Document)
- ii. ☐ Only qualified plans under Code section 401(a) and conduit IRAs
- 31b. If **C.30** is not "No" and **C.31a.i** is selected, enter the effective date: \_\_\_\_\_ (must be after December 31, 2001)

#### 415 Corrections

40. Corrections to Code section 415 violations made to another plan (Section 5.04):
- ☐ Yes ☐ No
41. If **C.40** is "No", method of correction of Employer contributions for section 415 violations:

- i. ☐ Reduce Company contributions in accordance with Section 5.04(d)(1)
- ii. ☐ Reallocate to other Participants in accordance with Section 5.04(d)(2)

42. If C.40 is "Yes", name of plan in which 415 corrections will be made: \_\_\_\_\_

#### **D. VESTING**

##### **Vesting Service Computation Rules:**

1. Vesting service computation method (Unless **D.1.ii** (Elapsed Time) is selected, the Plan will use the Hours of Service method for determining vesting service. If **D.1.ii** (Elapsed Time) is selected, questions **D.2** through **D.4** are disregarded.):
  - i. ☐ Hours of Service
  - ii. ☐ Elapsed Time
2. Number of Hours of Service necessary for a Year of Vesting Service: \_\_\_\_\_ (Not more than 1,000. If left blank, the Plan will use 1,000 Hours of Service.)
3. Select equivalency for vesting purposes:
  - i. ☐ None.

An Employee shall be credited with the following service with the Employer:

  - ii. ☐ 10 Hours of Service for each day or partial day
  - iii. ☐ 45 Hours of Service for each week or partial week
  - iv. ☐ 95 Hours of Service for each semi-monthly payroll period or partial semi-monthly payroll period
  - v. ☐ 190 Hours of Service for each month or partial month
4. Vesting Computation Period:
  - i. ☐ Calendar year
  - ii. ☐ Plan Year
  - iii. ☐ The twelve-consecutive month period commencing on the date the Employee first performs an Hour of Service; each subsequent twelve-consecutive month period shall commence on the anniversary of such date.

##### **Other Employer Service**

- 5a. Count service with other non-affiliated employers for vesting purposes  
☐ Yes ☐ No
- 5b. If **D.5a** is "Yes", list other non-affiliated employers: \_\_\_\_\_

##### **Vesting Exceptions**

6. Provide for full vesting for a Participant who Terminates employment with the Employer due to death while an Employee (Section 6.02):  
☐ Yes ☐ No
7. Provide for full vesting for a Participant who Terminates employment with the Employer due to Disability while an Employee (Section 6.02):  
☐ Yes ☐ No

##### **Vesting Exclusions**

- 8a. Exclude Years of Vesting Service earned before age 18:  
☐ Yes ☐ No
- 8b. Exclude Years of Vesting Service earned before the Employer maintained this Plan or a predecessor plan:  
☐ Yes ☐ No
- 8c. **One-year holdout.** If an Employee has a One-Year Break in Service/Period of Severance, exclude Years of Vesting Service earned before such period until the Employee has completed a Year of Vesting Service after returning to employment with the Employer.  
☐ Yes ☐ No
- 8d. **Rule of parity.** If an Employee does not have any nonforfeitable right to the Account balance derived from Employer contributions, exclude Years of Vesting Service earned before a period of five (5) consecutive One-Year Breaks in Service/Periods of Severance.  
☐ Yes ☐ No

##### **Pension Contributions**

20. Pension Contribution Account Vesting Schedule:  
☐ 100% ☐ 3-7 Year Graded ☐ 2-6 Year Graded ☐ 1-5 Year Graded ☐ 1-4 Year Graded ☐ 5 Year Cliff ☐ 3 Year Cliff ☐ 2 Year Cliff ☐ Other
- 21a. Other Schedule - less than 1 year:
- 21b. Other Schedule - 1 year but less than 2 years:
- 21c. Other Schedule - 2 years but less than 3 years:

- 21d. Other Schedule - 3 years but less than 4 years (Min 20%):
- 21e. Other Schedule - 4 years but less than 5 years (Min 40%):
- 21f. Other Schedule - 5 years but less than 6 years (Min 60%):
- 21g. Other Schedule - 6 years but less than 7 years (Min 80%):
- 21h. Other Schedule - 7 or more years: 100%.

## E. DISTRIBUTIONS

### Normal Retirement

- 1a. Normal Retirement Age means:
  - i. ☐ Attainment of the age specified in E.1b.
  - ii. ☐ Later of attainment of the age specified in E.1b and the anniversary of Plan participation specified in E.1c.
- 1b. Age component of Normal Retirement Age (not to exceed 65): \_\_\_\_\_
- 1c. If E.1a.ii is selected, anniversary of participation for Normal Retirement Age:
  - ☐ fifth ☐ fourth ☐ third ☐ second ☐ first
- 2. Allow in-service distributions after attainment of Normal Retirement Age (Section 7.01(b)):
  - ☐ Yes ☐ No

### Time and Form of Payment after Termination for Reasons other than Death

- 3a. Distributions after Termination of Employment for reasons other than death shall commence (Section 7.02):
  - i. ☐ **Immediate.** As soon as administratively feasible with a final payment made consisting of any allocations occurring after such Termination of Employment.
  - ii. ☐ **End of Plan Year.** As soon as administratively feasible after all contributions have been allocated relating to the Plan Year in which the Participant's Account balance becomes distributable.
  - iii. ☐ **Normal Retirement Age.** When the Participant attains Normal Retirement Age.
  - iv. ☐ **Other.**
- 3b. If E.3a.iv (Other) is selected enter time when distributions after Termination of Employment commence: \_\_\_\_\_
- 4a. Medium of distribution from the Plan:
  - i. ☐ Cash only
  - ii. ☐ Cash or in-kind
  - iii. ☐ Cash or in-kind rollover to an Individual Retirement Account sponsored by the vendor described in E.4b.
- 4b. If E.4a.iii (specified vendor) is selected, enter name of specified vendor: \_\_\_\_\_
- 5. Distributions from the Plan after Termination for reasons other than death may be made in the following forms:
  - i. ☐ Lump sum only
  - ii. ☐ Lump sum payment or substantially equal annual, or more frequent installments over a period not to exceed the joint life expectancy of the Participant and his Beneficiary
  - iii. ☐ Under a continuous right of withdrawal pursuant to which a Participant may withdraw such amounts at such times as he shall elect.
- 6. Permit distributions in the form of an annuity other than a Qualified Joint and Survivor Annuity or a Qualified Preretirement Survivor Annuity:
  - ☐ Yes ☐ No

If E.6 is "Yes", a Participant may elect to have the Plan Administrator apply his entire Account toward the purchase of an annuity contract, which shall be distributed to the Participant. The terms of such annuity contract shall comply with the provisions of this Plan and any annuity contract shall be nontransferable.

### Payment on Participant Death

- 7. Distributions on account of the death of the Participant shall be made in accordance with one of the following:
  - i. ☐ Pay entire Account balance by end of fifth year for all Beneficiaries in accordance with Sections 7.02(b)(1)(A) and 7.02(b)(2)(A) only.
  - ii. ☐ Pay entire Account balance no later than the 60th day following the end of Plan Year in which the Participant dies.
  - iii. ☐ Allow extended payments for all beneficiaries in accordance with Sections 7.02(b)(1)(A), (B) and (C) and 7.02(b)(2)(A) and (B).
  - iv. ☐ Pay entire Account balance by end of fifth year for Beneficiaries in accordance with Sections 7.02(b)(1)(A) and 7.02(b)(2)(A) and allow extended payments in accordance with Sections 7.02(b)(1)(B) and (C) and 7.02(b)(2)(B) only if the Participant's spouse is the Participant's sole primary Beneficiary.

### Cash Out

- 8. Involuntary cash-out amount for purposes of Sections 7.03 and 7.10: \$\_\_\_\_\_ (\$5,000 unless otherwise specified. If zero, the Plan will not automatically cash out participants).
- 9. Involuntary cash-out of a terminated Participant's Account balance when it exceeds the cash-out amount specified in E.8 is deferred under Section 7.03(b) until:

- i. ☐ Later of age 62 or Normal Retirement Age - payment made under any option available to Participants
- ii. ☐ Required Beginning Date - payment made under any option available to Participants.
- 10a. Exclude amounts attributable to Rollover Contributions in determining the value of the Participant's nonforfeitable account balance for purposes of the Plan's involuntary cash-out rules (Sections 7.03(e) and 7.10(a) as amended by the EGTRRA Addendum to the Basic Plan Document):  
☐ Yes ☐ No
- 10b. If E.10a is "Yes", the election shall apply with respect to distributions made on or after \_\_\_\_\_ (Enter a date no earlier than January 1, 2002.).
- 11a. It is necessary to provide an effective date for the cash out amount specified in E.8:  
☐ Yes ☐ No
- 11b. If E.11a is "Yes", enter the effective date of the change in the cash-out amount: \_\_\_\_\_

#### Spousal Death Benefits

- 21. Upon the death of a married Participant, the spouse of the married Participant shall be the beneficiary of the following portion of such Participant's Account unless the spouse waives such right in accordance with Section 7.10: (Section 7.04(a))
  - i. ☐ 100% of Account
  - ii. ☐ 50% of Account

#### Required Beginning Date

- 30. Required Beginning Date for a Participant other than a More Than 5% Owner:
  - i. ☐ **Retirement.** April 1 of the calendar year following the later of the calendar year in which the Participant: (x) attains age 70-1/2, or (y) retires
  - ii. ☐ **Age 70-1/2.** April 1 of the calendar year following the calendar year in which the Participant attains age 70-1/2
  - iii. ☐ **Election.** Participant may elect to commence distributions pursuant to either E.30.i or E.30.ii.

**NOTE:** If E.30.ii is selected, E.31 through E.34 will be disregarded.

#### Required Beginning Date Transition Rules

- 31. The Plan was amended before the Effective Date to revise definition of Required Beginning Date or the Plan is a new plan:  
☐ Yes ☐ No  
**NOTE:** If E.31 is "Yes", the effective date of the definition in E.30 is the Effective Date of the Plan specified in A.3 and questions E.32 through E.34 will be disregarded.
- 32. If E.31 is "No" and E.30.ii (Age 70-1/2) is not selected, enter effective date of new definition: \_\_\_\_\_
- 33. If E.31 is "No" and E.30.i (Retirement) is selected, enter Required Beginning Date transition rule:
  - i. ☐ Eliminate the rule in effect before the date specified in E.32 prospectively - allow Participant to elect E.30.i or E.30.ii until the effective date in E.32
  - ii. ☐ Eliminate the rule in effect before the date specified in E.32 prospectively - do not allow Participant election
- 34. If E.31 is "No" and E.30.ii (Age 70-1/2) is not selected, permit Participants other than a More Than 5% Owner receiving required distributions under old rule to stop distributions until the distributions must recommence under the new definition of Required Beginning Date:
  - i. ☐ No
  - ii. ☐ Yes - The recommencement of distributions will **not** constitute a new Annuity Starting Date
  - iii. ☐ Yes - The recommencement of distributions **will** constitute a new Annuity Starting Date

#### New 401(a)(9) Regulations

- 35a. The Plan adopts the new proposed IRS 401(a)(9) regulations (Section 7.05(c)):
  - i. ☐ No
  - ii. ☐ Yes - using the IRS Announcement 2001-18 Model Amendment
  - iii. ☐ Yes - using the IRS Announcement 2001-82 Model Amendment
- 35b. Effective date of adoption of new proposed 401(a)(9) regulations specified in E.35a: \_\_\_\_\_
- 36a. Effective date of adoption of final 401(a)(9) regulations (Section 7.11 as added by the Minimum Distribution Addendum to the Basic Plan Document):
  - i. ☐ **2002.** During the 2002 calendar year
  - ii. ☐ **2003.** Beginning with the 2003 calendar year
- 36b. If E.36a.i is selected, enter effective date of adoption of final 401(a)(9) regulations in 2002: \_\_\_\_\_

#### F. IN SERVICE WITHDRAWALS & LOANS

##### Other Withdrawals

- 1. **At Any Time** (Section 8.03(b)). In-service withdrawals are allowed from a Participant's Voluntary Contribution Account and Rollover Contribution Account at any time:



☐ Yes ☐ No

#### Loans

10. Loans are permitted (Section 8.06) (If "No", questions regarding loans are disregarded. Skip to **G**):  
☐ Yes ☐ No
11. Require showing of financial hardship or unusual or special situation to receive loan:  
☐ Yes ☐ No
12. Permit loans in excess of 1/2 of account balance up to \$10,000 with adequate security:  
☐ Yes ☐ No
13. Allow extended loan amortization for purchase of principal residence:  
☐ Yes ☐ No
14. Minimum loan amount: \$\_\_\_\_\_ (Not greater than \$1,000. Leave blank or enter "0" if none.)
15. Maximum number of loans outstanding: \_\_\_\_\_ (If blank, the maximum number of loans is one.)
16. If **G.3.iv** is selected (Plan does not permit participant self-direction), are loans treated as a segregated investment:  
☐ Yes ☐ No

#### **G. PLAN OPERATIONS**

##### Permitted Investments

1. Plan may invest in "qualifying employer securities" and "qualifying employer real property" (Section 9.04):  
☐ Yes ☐ No
2. Plan may invest in life insurance (Section 9.07):  
☐ Yes ☐ No

##### Participant Self Direction

3. Specify the extent to which the Plan permits Participant self direction and indicate the Plan's intent to comply with ERISA section 404(c) (Section 9.02) (If "None", questions regarding Participant self direction are disregarded. Skip to **G.7a**):
- i. ☐ All Accounts with 404(c)
  - ii. ☐ All Accounts w/o 404(c)
  - iii. ☐ Some Accounts
  - iv. ☐ None
4. If **G.3.iv** (None) is not selected, Participants may also establish individual brokerage accounts:  
☐ Yes ☐ No
5. Participants may exercise voting rights with respect to the following investments (Section 9.06) (If **G.1.** is "Yes" and **G.3.i** (All Accounts with 404(c)) is selected then voting rights may not be "None"):
- i. ☐ None
  - ii. ☐ Company stock only
  - iii. ☐ All investments
6. If **G.3.iii** (Some Accounts) is selected, a Participant may self direct the following accounts:
- a. ☐ Voluntary Contribution Account.
  - b. ☐ Pension Contribution Account.
  - c. ☐ Rollover Contribution Account.
  - d. ☐ Transfer Account.

##### Valuation Date

- 7a. Enter Valuation Date (if **G.3.i** (All Accounts with 404(c)) is selected, then Valuation Date must be at least quarterly)
- i. ☐ Last day of Plan Year
  - ii. ☐ Last day of each Plan quarter
  - iii. ☐ Last day of each month
  - iv. ☐ Each business day
  - v. ☐ Other
- 7b. If **G.7a.v** is selected, enter Valuation Date: \_\_\_\_\_ (Must be at least annually).

##### Plan Administration

- 10a. Designation of Plan Administrator (Section 12.01):
- i. ☐ Plan Sponsor
  - ii. ☐ Committee appointed by Plan Sponsor
  - iii. ☐ Other
- 10b. If **G.10a.iii** is selected, Name of Plan Administrator: \_\_\_\_\_
11. Establishment of procedures for the Plan Administrator and the Investment Fiduciary (Sections 12.01(c) and 12.02(c)):

- i. ☐ Plan Administrator and Investment Fiduciary adopt own procedures.
- ii. ☐ Board sets procedures for Plan Administrator and Investment Fiduciary.
- 12a. Type of indemnification for the Plan Administrator and Investment Fiduciary:
  - i. ☐ None - the Company will not indemnify the Plan Administrator or the Investment Fiduciary.
  - ii. ☐ Standard according to Section 12.06
  - iii. ☐ Custom
- 12b. If **G.12a.iii** (Custom) is selected, indemnification for the Plan Administrator and Investment Fiduciary is provided pursuant to an Addendum to the Adoption Agreement.

#### Trust

- 20. Trust Agreement is contained in a document separate from the Basic Plan Document.
  - i. ☐ No
  - ii. ☐ Yes - Sections 10.02 through 10.08 of the Basic Plan Document shall not apply
- 21. Trustee Type
  - i. ☐ Corporate
  - ii. ☐ Individual
- 22. If **G.21.i** (Corporate) is selected, enter Trustee address: \_\_\_\_\_
- 23. Name of Trustee: \_\_\_\_\_
- 24a. Type of Trustee Indemnification:
  - i. ☐ Standard according to Section 10.07(b)
  - ii. ☐ Custom
- 24b. If **G.24a.ii** (Custom) is selected, indemnification for the Trustee is provided pursuant to an addendum to the Adoption Agreement.

#### H. TOP HEAVY

##### Top Heavy Plans

- 1. Plan to which Top-Heavy allocations are made:
  - i. ☐ This Plan
  - ii. ☐ Pursuant to the terms of another plan
- 2. If **H.1.ii** (another plan) is selected, name of other Plan to which Top-Heavy allocations are made: \_\_\_\_\_
- 3. If **H.1.i** (This Plan) is selected, type of other plan maintained by the Company that covers employees eligible to participate in this Plan:
  - i. ☐ N/A - No other plan
  - ii. ☐ Defined Contribution
  - iii. ☐ Defined Benefit

##### Top Heavy Allocations

- 4. If **H.1.i** (This Plan) is selected, Participants who share in Top-Heavy minimum allocations:
  - i. ☐ **Non-Key only.** Any Participant who is employed by the Employer on the last day of the Plan Year and is not a Key Employee.
  - ii. ☐ **All Participants.** Any Participant who is employed by the Employer on the last day of the Plan Year.

##### Top Heavy Vesting

- 5. Top-Heavy vesting schedule:
  - ☐ 100% ☐ 2-6 Year Graded ☐ 3 Year Cliff ☐ Other
- 6a. Other Top-Heavy Schedule - less than 1 year:
- 6b. Other Top-Heavy Schedule - 1 year but less than 2 years:
- 6c. Other Top-Heavy Schedule - 2 years but less than 3 years (Min 20%):
- 6d. Other Top-Heavy Schedule - 3 years but less than 4 years (Min 40%):
- 6e. Other Top-Heavy Schedule - 4 years but less than 5 years (Min 60%):
- 6f. Other Top-Heavy Schedule - 5 years but less than 6 years (Min 80%):
- 6g. Other Top-Heavy Schedule - 6 or more years: 100%.

##### Present Value Assumptions

- 7a. Enter the interest rate to be used for determining Present Value to compute the top-heavy ratio: \_\_\_\_\_%
  - 7b. Enter the mortality table to be used for determining Present Value to compute the top-heavy ratio: \_\_\_\_\_
- NOTE: H.7** should only be completed if the Employer also sponsors a defined benefit plan.

**NOTE:** The Plan Sponsor should add an Addendum to the Adoption Agreement to add any language that is necessary to satisfy Code sections 415 and 416.

**I. MISCELLANEOUS**

Failure to properly fill out the Adoption Agreement may result in disqualification of the Plan. This Adoption Agreement #002 may be used only in conjunction with basic plan document #01.

The Prototype Plan Sponsor, Fort William LLC, will inform the adopting employer of any amendments made to the Prototype Plan or of the discontinuance or abandonment of the Prototype Plan. The Prototype Plan Sponsor may be contacted at 306 N. Milwaukee St., Suite 300, Milwaukee, WI, 53202 (414) 226-2442.

The adopting employer may rely on an opinion letter issued by the Internal Revenue Service as evidence that the plan is qualified under Code section 401 only to the extent provided in Announcement 2001-77, 2001-30 I.R.B. The employer may not rely on the opinion letter in certain other circumstances or with respect to certain qualification requirements, which are specified in the opinion letter issued with respect to the Plan and in Announcement 2001-77. In order to have reliance in such circumstances or with respect to such qualification requirements, application for a determination letter must be made to Employee Plans Determinations of the Internal Revenue Service.

**J.      EXECUTION PAGE**

The undersigned agree to be bound by the terms of this Adoption Agreement and Basic Plan Document and acknowledge receipt of same. The parties have caused this Plan to be executed this \_\_\_\_ day of \_\_\_\_\_, 200 \_\_\_\_.

PLAN SPONSOR (COMPANY):

\_\_\_\_\_

TRUSTEE:

\_\_\_\_\_

## **EFFECTIVE DATE ADDENDUM**

**Use this Addendum to provide any effective dates for Plan provisions other than the Effective Date specified in A.3.**