

A composite image featuring two hands. The top right hand is wearing a watch with a blue and gold face and a white strap, pointing towards the left. The bottom left hand is pointing towards the right. A vertical line separates the two hands, and a horizontal line crosses it, creating a crosshair effect.

Micro(k)sm

**A 401(k) Plan for Owners or
Partners Only, and their Spouses**

PLAN ADMINISTRATOR'S GUIDE

SAI

SECURITY ADMINISTRATORS, INC.

105-107 Court Street
P.O. Box 1625
Binghamton, N.Y. 13902-1625
607-771-1180

650 James Street, Suite 3D
Syracuse, N.Y. 13203
315-474-8331

INTRODUCTION

A qualified 401(k) Plan combines current employer tax savings with retirement security for Participants. Congress has specifically provided for this favorable treatment in the Internal Revenue Code. However, in order for the Plan to obtain and keep its qualified status, the Plan Administrator must perform certain duties. Failure to do so can result in Plan disqualification and/or substantial penalties imposed by the Internal Revenue Service (IRS) or the Department of Labor (DOL).

This manual is intended to assist you, as the Plan Administrator, in complying with the rules governing Plan administration. It is divided into five sections:

- I. Plan Installation. Details what must be done when the Plan is installed.
- II. Employee Enrollment and Communication. Describes what must be done to enroll Employees in the Plan.
- III. Record Keeping and Reporting Requirements. Details the annual tax filings and various reports to Participants that are required on an ongoing basis.
- IV. Operational Duties. Describes what must be done upon the occurrence of various events such as the retirement, death or termination of employment of a Participant.
- V. Sample Documents, Information and Administrative Forms.

This manual is only a guide. It is not to be construed as offering legal or actuarial advice. It is intended to help you maintain proper records and perform other duties that will enable your Plan consultant or other professional to complete and file the various forms referred to in this manual on a timely basis. Comprehensive and accurate records will also enable your Plan consultant or advisor to assist you effectively in the event of an IRS audit of the Plan or upon the filing of claims for benefits by Participants and beneficiaries.

You have been furnished with an Administrative Forms Package (see Section V) with instructions. These forms are referred to throughout this manual and should be utilized as indicated.

I INSTALLATION OF THE PLAN

Notice to Interested Parties

As a Micro(k) is not formally an ERISA plan when no common law employees are included, a Notice to Interested Parties is NOT required to be distributed. For your general information, we are pleased to help you better understand this requirement should you adopt a plan when there are employees other than the owner(s) and spouse(s) of the owners.

Before the Plan and associated government forms are filed with the IRS for approval, the Employer is required to inform various persons, known as “Interested Parties,” if it intends to file an application for determination as a “qualified” Plan with the IRS. The “Notice to Interested Parties” must be provided by any method that reasonably ensures that all interested parties will receive the notice (e.g., be posted in at least one conspicuous place at the Employer’s place of business). “Interested Parties” means the Employer’s Employees. If the Plan is being amended and restated, “Interested Parties” also include Participants and anyone receiving benefits under the Plan.

The Notice to Interested Parties must be posted no less than 7 days nor more than 21 days prior to the date the application for determination is filed with the IRS. The Notice allows “Interested Parties” to submit written comments to the IRS or Department of Labor concerning qualification of the Plan.

Summary Plan Description

When no common law employees are included, a Summary Plan Description is NOT required to be distributed. For your general information, we are pleased to help you better understand this requirement should you adopt a plan when there are employees other than the owner(s) and spouse(s) of the owners.

A Summary Plan Description (SPD) is required to be distributed to each Participant. The SPD, written in “plain English,” describes the benefits offered under the Plan, the rights of Participants, and other important provisions. For a plan amendment and restatement, a new SPD, incorporating modifications to the Plan, must be furnished to Participants no later than 210 days after the close of the Plan Year in which the change was adopted.

The Taxpayer Relief Act of 1997 eliminated the requirement that SPDs be filed with the Department of Labor. However, the SPD must be filed with the DOL upon the DOL’s request. A civil penalty could be imposed on the Plan Administrator for failure to comply with such request within 30 days.

Bonding

When no common law employees are included, Bonding is NOT required. For your general information, we are pleased to help you better understand this requirement should you adopt a plan when there are employees other than the owner(s) and spouse(s) of the owners.

A bond must be obtained for Plan “fiduciaries.” A Plan fiduciary is any person or entity who handles the Plan’s assets including, but not limited to, the Plan Administrator, Trustee and Employer. The minimum bond required is generally the greater of \$1,000 or 10% of the assets of the Plan. However, the amount of the required bond might be higher if a certain percentage of the assets are in investments that have a higher risk of loss due to fraud or dishonesty (e.g., real property).

However, a bond need not be secured for fiduciaries that are banks or insurance companies. Bonding is also not required when the employer, whether incorporated or not, that is sponsoring the Plan, is wholly owned by an individual and/or his or her spouse and where such individual and spouse are the only Employees.

Administrator’s Tax Number

The Plan Administrator is required to have an Identification Number. This may be obtained by filing IRS Form SS-4, Application for Employer Identification Number. However, since the Employer is the Administrator, you may elect to use its Employer Identification Number instead.

Trust’s Tax Identification Number

The Trust is generally required to have an Identification Number. The Plan may be required to furnish an Identification Number when establishing accounts with financial institutions. The Identification Number may also be needed for some returns (e.g., Form 990-T).

II EMPLOYEE ENROLLMENT AND COMMUNICATION

Plan Eligibility

The term Micro(k) describes a 401(k) Plan established so that both the owner(s) and spouse(s) of the business are eligible to participate. As such, you may want to have very easy entry requirements in your Plan Document. However, if you do have common law employees that are Part-Time (work less than 1000 hours per year), you may want to exclude them from Plan participation. If so, this more stringent eligibility rule must apply to ALL plan participants, to include part-time spouses.

Once the Plan has been adopted, you must determine who is eligible to participate in the Plan. The Plan's eligibility requirements are specified in the Adoption Agreement and in the SPD. It is important to obtain a complete list of current Employees, along with their birthdates and dates they began service with the Employer.

During the Plan Year, you should update your list of Employees to determine if anyone has met the requirements to become a Participant. Once an Employee becomes eligible to participate, you must:

1. Inform the Employee that he or she is now eligible to participate in the Plan;
2. Have the Employee complete a DESIGNATION OF BENEFICIARY form and a SALARY DEFERRAL AGREEMENT;
3. Furnish the Employee with any other necessary Administrative Forms (see instructions for using Administrative Forms in Section V); and
4. Give the Employee a copy of the Summary Plan Description within 90 days of the date he or she becomes a Participant.

Should common law employees (those other than the owner(s) and their spouse(s)) become eligible to enter the plan, the SAI Micro(k) fee schedule will no longer apply to your plan, and your Plan must revert to SAI's Full Service Fee Schedule. SAI can provide added services to ensure that the plan is valued and communicated to interested parties on a fee-for-service basis. Visit www.SAIplans.com to review our "Next Level" 401(k) plan services and fees.

Call us at 607.771.1180 if you have any questions regarding whether or not your Micro(k) may require further services. We look forward to being of assistance.

Participant Contributions

This Plan permit each Participant to defer a portion of his or her salary to the Plan. It is important that each Participant complete and sign the SALARY DEFERRAL AGREEMENT form.

The Plan may permit Participants to transfer or roll-over money from other retirement plans or individual retirement accounts into this Plan. The rules and laws governing these transfers and rollovers are very complex, and no rollovers or transfers from a Participant should be accepted until you check with your consultants.

Special Death Benefit Rules for Married Participants

The law requires that certain death benefits be provided to a Participant's spouse if the Participant dies before retirement. You must maintain accurate records of the marital status of each Participant to ensure that the death benefit is paid to the proper beneficiary. Failure to comply can result in possible penalties and legal liabilities to the Plan. Verification of marital status should be obtained at the end of each Plan Year.

III

RECORD KEEPING AND REPORTING REQUIREMENTS

As Plan Administrator it is essential that you keep complete and accurate records of all Plan activity on an ongoing basis. This will simplify the reporting and disclosure procedures and will enable your Plan consultant to file the necessary forms on a timely basis. Substantial penalties may be incurred if certain filing deadlines and other requirements are not met.

The following records **MUST** be kept:

1. A list of current Employees and Participants including:
 - (i) Date of birth
 - (ii) Date of hire
 - (iii) Marital status
2. Hours worked by each Employee and Participant;
3. Each Employee's and Participant's compensation;
4. Dates of termination of employment for Employees and Participants; and
5. Records of the Plan's investment activities.

Annual Filing Requirement: DOL

Each year, the Plan Administrator is must ascertain whether it is required to file a series of forms (Form 5500 or Form 5500-EZ) with the Department of Labor. **SAI will send you an Annual Information Request after the End of Each Plan Year. Upon its completion and return, SAI can tell you which, if any, IRS forms must be filed.** The information required to be reported depends on various factors such as the number of Participants and investment activity during the Plan Year. IRS Filing Forms are generally due by the last day of the 7th month after the end of the Plan Year.

Generally, an IRS Form 5500 EZ form is required if no non-owner employees are eligible and whenever the Plan Assets are at \$100,000 or higher. Your CPA may assist you in the preparation of this annual filing, if required. SAI will be pleased to prepare the forms for you for an added fee. An IRS Form 5500 series is required if common law employees enter the Plan.

Filing Requirements for Payment of Benefits

The following forms are required **ONLY** if Plan benefits have been paid to any Participant during the Plan Year:

1. **Form 1099-R**—must be furnished to any Participant who receives a distribution from the Plan (or elects a direct rollover) no later than the January 31st following the calendar year of the distribution (or rollover).
2. **Form 1096**—this transmittal form includes copies of all 1099-Rs for the Plan Year and must be filed with the IRS Center no later than the last day of February following the calendar year in which the distributions or rollovers were made.

Your CPA can assist you with these forms should you or any owner employee or spouse receive a taxable distribution from the plan, to include "PS 58" cost for the economic benefit of life insurance within your plan. Optionally, SAI will be pleased to help you with this on a fee-for-service basis at hourly rates.

Miscellaneous Filing Requirements

If your 401(k) Plan is operated properly, these additional forms should not be required. However, if you are not careful to invest your Plan Assets appropriately, you may need to do additional reporting. SAI can help you with your questions, or prepare these forms for you on a fee-for-service basis at hourly rates.

1. **Form 990-T**—filed only if the Plan’s trust fund has unrelated business taxable income that is greater than or equal to \$1,000 for the Plan Year. This form must be filed no later than the 15th day of the 4th month following the end of the Plan Year. If the Plan engages in a business activity (as distinguished from investment activity), the income generated from the activity is generally considered unrelated business taxable income.
2. **Form 5330**—Excise Tax Form. This form must be filed if there have been any prohibited transactions or nondeductible contributions during the year.

Annual Reports to Participants

When no common law employees are included, Summary Annual Reports to Participants are NOT required. For your general information, we are pleased to help you better understand this requirement should you adopt a plan when there are employees other than the owner(s) and spouse(s) of the owners.

The major report that must be furnished to each Participant on an annual basis is the Summary Annual Report (SAR). The SAR is a “plain English” explanation of the information contained in Form 5500. The SAR must contain the following information:

1. The value of the Trust assets as of the first and last day of the Plan Year;
2. Plan expenses incurred during the Plan Year; and
3. Insurance information, if the Plan has any investment in insurance contracts.

The SAR must also state that the Participant has the right to examine, at any time during reasonable hours, the Plan’s annual report (Form 5500), the accountant’s report (generally required for Plans with at least 100 Participants), and, if applicable, a list of any Plan transactions involving at least 5% of Plan assets or involving “Interested Parties.”

A sample Summary Annual Report is included in Section V.

The SAR must be furnished to Participants on or before the last day of the 9th month following the end of the Plan Year. This deadline is extended if the Employer has received an extension for filing Form 5500.

Every Plan Year, each Participant is entitled to a written statement of the status of his or her interest in the Plan, showing his or her vested percentage. The law does not require that a statement be furnished unless requested in writing by the Participant. However, most Plan Administrators automatically provide this statement at least once a year.

IV OPERATIONAL DUTIES

Sections I, II and III discuss the duties that are performed on an initial or annual basis by the Plan Administrator. However, many other events are likely to occur during the life of the Plan that will require the Plan Administrator to perform certain tasks.

When a Participant Terminates Employment Prior to Retirement

A Participant who terminates employment and has no vested interest should be furnished with a NOTICE TO TERMINATED PARTICIPANT (NON-VESTED PARTICIPANT) form acknowledging that he or she has no interest in the Plan (a signed copy should be kept).

A Participant with a vested interest who terminates employment for any reason prior to retirement should be furnished with a NOTICE TO TERMINATED PARTICIPANT (VESTED PARTICIPANT) form. In addition, the applicable distribution package below for “When a Participant Retires or Becomes Disabled” should be provided.

When a Participant Retires or Becomes Disabled

1. Vested account balance (excluding amounts attributable to rollovers) is \$5,000 or less. If a Participant retires or becomes disabled and the Participant’s vested interest in the Plan is \$5,000 or less, then the Administrator should provide the following distribution package (the plan will state whether this amount excludes or includes amounts attributed to rollovers):

- (i) PARTICIPANT DISTRIBUTION ELECTION (vested account balance is \$5,000 or less)
- (ii) SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

If the Participant’s vested account balance is less than \$200, then the Plan need not provide a direct rollover option and need not withhold on the distribution. Therefore, the Plan Administrator can make a cash-out distribution of less than \$200 without providing this package.

2. Vested account balance (excluding amounts attributable to rollovers) exceeds \$5,000. If a Participant retires or becomes disabled and the Participant’s vested interest in the Plan (excluding amounts attributable to rollovers) exceeds \$5,000, then the Administrator should provide the following distribution package (the plan will state whether or not this amount excludes or includes amounts attributed to rollovers):

- (i) PARTICIPANT DISTRIBUTION NOTICE (vested account balance exceeds \$5,000)
- (ii) PARTICIPANT DISTRIBUTION election (vested account balance exceeds \$5,000)
- (iii) POSTPONEMENT OF DISTRIBUTION ELECTION
- (iv) SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

3. The Participant may elect to rollover or directly transfer any “eligible rollover distribution” from this Plan to another retirement plan or a traditional IRA, or to receive the distribution. (For an explanation of what qualifies as an “eligible rollover distribution,” see the Section entitled “Withholding From Distributions”.)
4. At the time of any distribution that is not an “eligible rollover distribution,” provide the Participant with a NOTICE OF WITHHOLDING ON PAYMENTS form describing tax withholding for payments from qualified plans and the WITHHOLDING ELECTION form.
5. Provide the Participant with Form 1099-R no later than the January 31st following the end of the calendar year of the distribution (or direct rollover).

When a Participant Dies

At the time an Employee enters the Plan, the Plan Administrator must make sure he or she completes the DESIGNATION OF BENEFICIARY form. Upon the death of a Participant, the Plan's death benefit must be paid in the following manner:

1. **Unmarried Participants.** The entire death benefit is to be paid in accordance with the Participant's instructions, as specified on the DESIGNATION OF BENEFICIARY form. If no instructions can be found, the benefit will be paid in accordance with the Plan document. The Plan Administrator should provide the beneficiary with the NON-SPOUSE BENEFICIARY DISTRIBUTION ELECTION form.
2. **For married Participants of any age,** the entire death benefit is to be paid to the Participant's spouse. However, the Participant may designate someone other than his or her spouse as the beneficiary, provided the spouse consents in writing. To do this, the Participant should have been furnished with the PRE-RETIREMENT SURVIVOR BENEFIT EXPLANATION and signed the ELECTION TO WAIVE PRE-RETIREMENT SURVIVOR BENEFIT, WITH SPOUSAL CONSENT. If the surviving spouse is the beneficiary, then after the death of the Participant the Plan Administrator should provide the spouse with the SURVIVING SPOUSE DISTRIBUTION ELECTION form and the SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS. Otherwise the designated beneficiary should be provided with the NON-SPOUSE BENEFICIARY DISTRIBUTION ELECTION form and the NOTICE OF WITHHOLDING ON PAYMENTS form.
3. If there is an insurance policy naming a beneficiary other than the surviving spouse and there is no spousal waiver, the policy proceeds should not be paid until legal counsel has reviewed the matter.

Required Minimum Distribution

Certain distributions are required to be made when a more than 5% owner reaches age 70 1/2 or when any other Participant reaches the later of age 70 1/2 or retirement. The portion that is required to be distributed cannot be rolled over because it is a required minimum distribution that must be paid to the Participant. The required minimum distribution package should include:

1. PARTICIPANT DISTRIBUTION NOTICE (vested account balance exceeds \$5,000)
2. PARTICIPANT DISTRIBUTION ELECTION
3. POSTPONEMENT OF DISTRIBUTION ELECTION
4. SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS
5. NOTICE OF WITHHOLDING ON PAYMENTS
6. WITHHOLDING ELECTION

Plan Loans

If the Plan allows, owner-employees may take a loan from the plan. Generally, the loan can't exceed 50% the vested account balance nor exceed \$50,000. Unless the loan is for a primary residence, it must be repaid (at interest to the Plan) on a periodic basis over five or fewer years.

If the Plan allows loans to be made to Participants, certain limits apply. The Participant must complete a promissory note for all loans. Since the rules relating to loans are complex, you should always consult legal counsel or your Plan consultant prior to making a Plan loan. Violation of the rules governing Plan loans can result in severe penalties.

SAI can help you prepare the loan package and calculate the loan repayment schedule on a fee-for-service basis at hourly rates. The following is to be included for a loan package:

1. PARTICIPANT LOAN PROGRAM
2. APPLICATION FOR PARTICIPANT LOAN
3. PROMISSORY NOTE
4. IRREVOCABLE PLEDGE AND ASSIGNMENT

Directed Investments

The Plan may allow a Participant to direct the investment of his or her interest in the Plan. Under ERISA 404(c), a plan fiduciary is not liable for investment decisions made by plan participants who direct their own investments, as long as several requirements are met. Meeting all the requirements does not relieve plan fiduciaries of all liability, however. Plan fiduciaries still obligated to:

- Select and monitor investments.
- Communicate certain information about the plan investments to participants,
- Ensure that participants have adequate account access to effectively manage their investments.

Relief from fiduciaries liability under Section 404(c) is available only if the participants have the opportunity to exercise control over the investments. The regulations state that participants can't exercise this control unless they have the opportunity to provide investment direction "to an identified plan fiduciary." Most employers give that job to the plan committee, but some appoint an officer to fill that role (for example, the vice-president for human resources). This duty falls upon the business Owners or Partners (and their spouses), where they are the only eligible participants. A 404(c) fiduciary must be named who is responsible for carrying out participant investment direction. Although these duties may be delegated—subject to prudent selection and monitoring—the appointment of a 404(c) fiduciary should be appropriately documented, and the 404(c) fiduciary's performance should be monitored. If a plan intends to comply with ERISA 404(c), this fact should be indicated in a notice to employees and on Form 5500. Beginning in 2003, plans are required to include a statement in the SPD if the plan intends to comply with ERISA 404(c) requirements.

Refer to the ERISA Due Diligence Checklist in the Administrative Forms and Instructions Package, to see a list of commonly regarded *Best Practices* for satisfying these obligations and meeting your fiduciary obligations.

Withholding From Distributions

The law generally requires the Plan Administrator to withhold income taxes from amounts that are distributed to a Participant from the Plan. Different rules apply depending on whether the distribution qualifies as an "eligible rollover distribution." An "eligible rollover distribution" is any distribution from the plan other than:

1. Non-taxable payments (e.g., after-tax employee contributions, if permitted by the plan);
2. Substantially equal payments spread over a period of at least 10 years or over the lifetime (or expected lifetime) of the Participant (or the Participant and/or designated beneficiary);
3. Distributions to correct a failed discrimination test; and
4. Payments which are required to meet the minimum distribution rules.

A Participant entitled to receive an “eligible rollover distribution” can elect to have the amount directly transferred to a traditional IRA or to another employer sponsored retirement plan. If a Participant elects this option, the Plan Administrator is not required to withhold any portion for income taxes. If the Participant instead elects to receive payment of an “eligible rollover distribution,” the Plan Administrator must withhold 20% of the amount that would have otherwise been paid to the Participant.

If a Participant receives a distribution which is not an “eligible rollover distribution,” then withholding of income taxes is voluntary. The recipient may elect to waive withholding entirely. However, unless the recipient makes this election, the Plan Administrator is required to withhold. For this purpose, periodic payments from the plan are treated the same as ordinary wage income with the amount of withholding dependent on the size of the payments and the number of exemptions claimed by the recipient. Withholding applies to non-periodic payments at a rate of 10% (or in some special cases, to qualified total distributions under special tables issued by the IRS).

For distributions which do not qualify as “eligible rollover distributions,” you must supply the Participant with the NOTICE OF WITHHOLDING ON PAYMENTS form, along with the WITHHOLDING ELECTION form. For periodic payments, this form must be furnished no earlier than six months prior to the date the first payment is to be made. In addition, each recipient of periodic payments must be given, at least once each year, the form explaining the Participant’s right to change or revoke a previous election made relating to withholding. Also, the Participant must be given the form detailing his or her right to waive having the distribution subject to withholding. The waiver form must contain a statement that failure to have taxes withheld may subject the Participant to the estimated tax rules and that penalties may be imposed for failure to comply.

Qualified Domestic Relations Orders (QDROs)

As a general rule, Plan assets are not subject to the claims of creditors, i.e., they are not subject to “alienation.” There is an exception to this rule--the Qualified Domestic Relations Order, or QDRO. A QDRO is an order, issued by a state court, that gives a spouse, former spouse, child or other legal dependent of the Participant the right to any part of the Participant’s interest in the Plan.

You must adopt and follow the QUALIFIED DOMESTIC RELATIONS ORDER PROCEDURE. This procedure tells you how to determine whether a QDRO is valid. You are strongly advised to obtain legal counsel in determining the validity of the QDRO. Payment of benefits must be made in compliance with a valid QDRO, provided the QDRO does not conflict with the terms of the Plan.

Claims Procedure

If a claim for benefits is denied, you must provide a detailed, written explanation of the reasons for the denial. References to specific Plan sections should be included in the explanation. The denial, by law, must be given to the Participant no later than 90 days following the date the claim was filed.

A Participant whose claim has been denied has 60 days (or 180 days for certain disability benefit claims) to file a written request for a review following the date he or she received the denial. This period may be extended in some instances to 120 days. The review process is covered in more detail in the Plan document and in the SPD, and must be strictly followed. If the review is denied, a written explanation must be given to the Participant no later than 60 days (or 45 days for certain disability claims) following the date the claim was filed (an extension to 120 days is possible in some instances). Once the appeals process is exhausted, the Participant may take his or her claim to state or Federal court provided the suit is filed with the court within 180 days after the claim is denied.

Summary Plan Description: Updates

If the Plan is not amended, the Plan Administrator is required to supply each Participant with an updated SPD every 10 years, measured from the date the SPD was first issued. If the Plan is amended in a substantial manner, this period is reduced to 5 years.

If the Plan is modified or amended in a substantial manner, each Participant must receive either a new SPD or a Summary of Material Modifications (SMM) which describes the modifications in detail. This SPD or SMM must be given to each Participant no later than 210 days after the end of the Plan Year in which the amendment or modification became effective. You should consult your plan advisor to determine if and when changes to the SPD are necessary.

Forms Available to Participants

Participants have the right to inspect reports and forms concerning the Plan, and to obtain copies of those reports. Access must be provided at reasonable times and at no cost, though the Participant may be charged a copying fee if he or she requests copies. The forms available for inspection include:

1. Form 5500 or 5500-EZ--within 60 days of the Participant's written request for inspection.
2. Form 5307 or 5300.
3. Plan document, insurance contracts, and any collective bargaining agreements.

Amendment of the Plan

The Employer has the right to amend or terminate the Plan at any time. Certain requirements must be met when the Plan is amended or terminated, and legal counsel should be consulted prior to doing so.

V

SAMPLE DOCUMENTS, INFORMATION AND ADMINISTRATIVE FORMS

The information and sample documents contained in this section are intended to illustrate some of the subjects covered in the preceding pages. Many of the other issues are covered in the Administrative Forms Package and the instructions covering usage of those forms.

Sample Summary Annual Report

This is an example of an acceptable Summary Annual Report (SAR).

Compliance Calendar: Defined Contribution Plan

This calendar illustrates the duties, by date, that must be completed by the Plan Administrator.

Administrative Forms and Instruction Package

We are pleased to make available a set of forms, along with instructions as to their proper use that you can use to help operate your 401(k) plan. Please refer to the separate Administrative Forms and Instructions package.

References to these forms have been made throughout this Guide to indicate their importance and when they are to be utilized. Failure to distribute and/or to have these forms completed can result in claims being made by Participants or beneficiaries--possibly requiring duplicate payments to be made.

EXHIBIT A
SUMMARY ANNUAL REPORT
FOR (name of Plan)

This is a summary of the annual report for (name of Plan and EIN) for (period covered by this report). The annual report has been filed with the Employee Benefits Security Administration, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Basic Financial Statement

Benefits under the Plan are provided by (indicate funding arrangements). Plan expenses were (\$_____). These expenses included (\$_____) in administrative expenses and (\$_____) in benefits paid to participants and beneficiaries, and (\$_____) in other expenses. A total of (_____) persons were participants in or beneficiaries of the Plan at the end of the Plan Year, although not all of these persons had yet earned the right to receive benefits.

[If the Plan is funded other than solely by allocated insurance contracts:]

The value of Plan assets, after subtracting liabilities of the Plan, was (\$_____) as of (the end of the Plan Year), compared to (\$_____) as of (the beginning of the Plan Year). During the Plan Year the Plan experienced an (increase) (decrease) in its net assets of (\$_____). This (increase) (decrease) includes unrealized appreciation or depreciation in the value of Plan assets; that is, the difference between the value of the Plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. The Plan had total income of (\$_____), including Employer contributions of (\$_____), Employee contributions of (\$_____), (gains) (losses) of (\$_____), from the sale of assets, and earnings from investments of (\$_____).

[If any funds are used to purchase allocated insurance contracts:]

The Plan has (a) contract(s) with (name of insurance carrier(s)) which allocate(s) funds toward (state whether individual policies, group deferred annuities or other). The total premiums paid for the Plan Year ending (date) were (\$_____).

Your Rights to Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report:

[Note--list only those items which are actually included in the latest annual report]

1. an accountant's report;
2. financial information and information on payments to service providers;
3. assets held for investment;
4. fiduciary information, including non-exempt transactions between the Plan and parties-in-interest (that is, persons who have certain relationships with the Plan);
5. loans or other obligations in default or classified as uncollectible;
6. leases in default or classified as uncollectible;
7. transactions in excess of 5 percent of the Plan assets;
8. insurance information including sales commissions paid by insurance carriers; and
9. information regarding any common or collective trusts, pooled separate accounts, master trusts or 103-12 investment entities in which the Plan participates.

To obtain a copy of the full annual report, or any part thereof, write or call the office of (name), who is (state title: e.g., the Plan Administrator), (business address and telephone number). The charge to cover copying costs will be (\$_____) for the full annual report, or (\$_____) per page for any part thereof.

[Note--use this paragraph for a small plan that has met the requirements to waive the annual examination and report of an independent qualified public accountant.]

The Plan has met the requirements to waive the annual examination and report of an independent qualified public accountant. As of the end of the Plan Year, the following regulated financial institution(s) held or issued Plan assets that qualified under the waiver: (name of regulated financial institution(s) and the amount of the qualifying Plan assets). The Plan has been issued a fidelity bond by (name of company). The bond provides some protection for the Plan against losses through fraud or dishonesty and covers any person handling certain Plan assets required by the EBSA. You have the right to examine or receive from the Plan Administrator, on request and at no charge, copies of statements from the regulated financial institutions describing the qualifying Plan assets and evidence of the required bond. If you are unable to examine or obtain these documents, contact an EBSA Regional Office for assistance. Information about contacting EBSA regional offices can be found on the Internet at <http://www.dol.gov/ebsa>.

[Note--use this paragraph for all other plans.]

You also have the right to receive from the Plan Administrator, on request and at no charge, a statement of the assets and liabilities of the Plan and accompanying notes, or a statement of income and expenses of the Plan and accompanying notes, or both. If you request a copy of the full annual report from the Plan Administrator, these two statements and accompanying notes will be included as part of that report. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge.

You also have the legally protected right to examine the annual report at the main office of the Plan (address), (at any other location where the report is available for examination), and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to:

Public Disclosure Room, Room N5638
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

EXHIBIT B COMPLIANCE CALENDAR

Plan Year: January 1st - December 31st

REPORT or FORM	WHEN DUE	REPORT RECIPIENT
Form 5500 Annual Report with appropriate Schedules	7 months after each Plan Year end	DOL. Copy to each Participant if requested in writing.
Form 5500EZ Annual Report (No Common Law Participants with assets greater than \$100,000)	7 months after each Plan Year end	DOL. Copy to each Participant if requested in writing.
Summary Annual Report (SAR)	9 months after each Plan Year end	Participants and Beneficiaries.
Form 1099-R (Recipients of distributions from Plan)	January 31st following Calendar Year of distribution	Participant receiving distribution. Copy to IRS w/ Transmittal Form 1096.
Form 945 (Annual Return of Withholding Federal Income Tax)	January 31st following year of withholding	IRS
Form 8109 (Federal Tax Deposit Coupon)	Same as ER's payroll Tax Deposit Schedule	IRS
Form W-4P (Withholding Certificate for Pension or Annuity Payments)	See instructions to form	IRS
Form 1096 (Annual Summary and Transmittal of Information Returns)	Last day of February following Calendar Year of distribution	IRS
Form 990-T (Unrelated business income of Plan's Trust in excess of \$1,000 or more)	By 15th day of 4th month following Plan Year end	IRS, w/ payment.