



Strategy & Design

**YOUR TAX-DEDUCTIBLE
IRS QUALIFIED
RETIREMENT PLAN
STARTER KIT**

ESTABLISHING YOUR PENSION PLAN

Now that you've decided that a tax-deductible qualified pension or retirement plan may be right for your business, it's time to take the steps required by the IRS and DOL to validate your intent to establish a new plan or "amend and restate" your current plan.

Enclosed are the following:

1. Procedures to Adopt and Fund a Qualified Retirement Plan
2. Pension Plan and Trust Signature Page
3. Employer Fiscal or Calendar Year Plan Adoption Acknowledgement
4. New Client Information Sheet

You are under no obligation to Innovative Pension Strategy & Design by completing these forms. These documents are NOT filed with the IRS, DOL, or any other administration or organization at this time; should you decide to establish and fund the Plan, these documents will become part of your Plan Document.

You should consult your attorney and tax advisor before adopting any Plan to verify the concepts, design and specific documents are appropriate for your business and individual situation.

These forms should be completed and returned to Innovative Pension Strategy & Design PRIOR to year-end; keep copies for your records.

Follow the instructions outlined on the enclosed "Procedures to Adopt and Fund a Qualified Retirement Plan" when completing the enclosed form.

A financial transaction should take place as evidence of your intent to establish the plan. Speak with your financial advisor about opening an account at the financial institution of your choice; this will establish a trust for the year and satisfy the financial transaction requirement. Alternatively, follow the enclosed instructions to open the trust account at your local bank.

NOTE: You will need a separate tax ID number in order to establish an account in the name of the plan at your financial institution. You can have one assigned to you by calling our Plan Design Department at 858-748-6500 ext. 120.

PROCEDURES TO ADOPT AND FUND A QUALIFIED RETIREMENT PLAN

1. **Complete and sign** the enclosed “Pension Plan and Trust Signature Page” prior to your fiscal year end.
2. Corporations should **hold a Board of Directors meeting** acknowledging their intent to establish a plan. A sample “Corporate Resolution to Adopt a Qualified Plan” is available upon request.
3. **Complete and sign** the enclosed “Employer Fiscal or Calendar Year Plan Adoption Acknowledgement” prior to your fiscal year end.
4. **A financial transaction should take place before the close of the plan year** as evidence of your intent to establish the Plan, and to create a trust corpus, in the event it may be required. Signing the investment contract with any of our recordkeepers (Nationwide, Manulife, Hartford Life, Lincoln) constitutes a financial transaction, with or without depositing funds; otherwise, a deposit of \$100 into an account opened in the name of the plan will satisfy this requirement. The trust account should be opened at a bank or financial institution in the name of the Plan and Trust. Select the simplest name possible, such as “The {Name of Business} Retirement Savings Plan” (see also enclosed New Client Information Sheet under “Plan Name” – be sure what you enter into this box is the EXACT name you opened the account under) or use the plan name that is showing on the illustrations and/or pricing we have done for you..
5. After the year end, when all financial data, employee census data, and tax data is known, the final Plan Design and Plan Documents can be completed. If this is done within 75 days of the fiscal year end, it is deemed retroactive to the previous year [IRC 401(b)].
6. If the Plan is to be submitted to the Internal Revenue Service for approval, this should be done prior to the due date of the employer’s Federal Tax Return filing, including extensions. If the IRS requires any amendments, they will be deemed retroactive to the prior year and the employer’s deduction will be protected.
7. **Contributions must be deposited PRIOR TO the employer’s Federal Tax Return filing**, including extensions, to be deductible for the prior year. Contributions made after the tax return is filed will be carried forward and deducted for the year in which they were deposited.

THIS AGREEMENT, hereby made and entered into this _____ day of December, 2007, by and between _____ (herein referred to as the "Employer") and _____ (herein referred to as the "Trustee").

WITNESSETH:

WHEREAS, the Employer desires to recognize the contribution made to its successful operation by its employees and to reward such contribution by means of a Qualified Plan for those employees who shall qualify as Participants hereunder;

NOW, THEREFORE, effective **January 1, 2007** (hereinafter called the "Effective Date"), the Employer hereby establishes a Qualified Plan and creates this trust (which plan and trust are hereinafter called the "Plan") for the exclusive benefit of the Participants and their Beneficiaries, and the Trustee hereby accepts the Plan on the following terms:

ARTICLE I
DEFINITIONS

1.1 "Act" means the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.2 "Administrator" means the Employer unless another person or entity has been designated by the Employer pursuant to Section 2.2 to administer the Plan on behalf of the Employer.

1.3 "Affiliated Employer" means any corporation which is a member of a controlled group of corporations (as defined in Code Section 414(b)) which includes the Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code Section 414(c)) with the Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code Section 414(m)) which includes the Employer; and any other entity required to be aggregated with the Employer pursuant to Regulations under Code Section 414(o).

1.4 "Aggregate Account" means, with respect to each Participant, the value of all accounts maintained on behalf of a Participant, whether attributable to Employer or Employee contributions, subject to the provisions of Section 9.2.

1.5 "Anniversary Date" means the last day of the Plan Year.

ARTICLE VII
TRUSTEE

7.1 BASIC RESPONSIBILITIES OF THE TRUSTEE

The Trustee shall have the following categories of responsibilities:

Consistent with the "funding policy and method" determined by the Employer, to invest, manage, and control the Plan assets subject,

however, to the direction of the Employer or an Investment Manager appointed by the Employer or any agent of the Employer;

At the direction of the Administrator, to pay benefits required under the Plan to be paid to Participants, or, in the event of their death, to their Beneficiaries; and

To maintain records of receipts and disbursements and furnish to the Employer and/or Administrator for each Plan Year a written annual report per Section .

(b) In the event that the Trustee shall be directed by the Employer, or an Investment Manager or other agent appointed by the Employer with respect to the investment of any or all Plan assets, the Trustee shall have no liability with respect to the investment of such assets, but shall be responsible only to execute such investment instructions as so directed.

(1) The Trustee shall be entitled to rely fully on the written instructions of the Employer, or any Fiduciary or nonfiduciary agent of the Employer, in the discharge of such duties, and shall not be liable for any loss or other liability, resulting from such direction (or lack of direction) of the investment of any part of the Plan assets.

(2) The Trustee may delegate the duty to execute such instructions to any nonfiduciary agent, which may be an affiliate of the Trustee or any Plan representative.

(c) If there shall be more than one Trustee, they shall act by a majority of their number, but may authorize one or more of them to sign papers on their behalf.

7.2 INVESTMENT POWERS AND DUTIES OF THE TRUSTEE

(a) The Trustee shall invest and reinvest the Trust Fund to keep the Trust Fund invested without distinction between principal and income and in such securities or property, real or personal, wherever situated, as the Trustee shall deem advisable, including, but not limited to, stocks, common or preferred, bonds and other evidences of indebtedness or ownership, and real estate or any interest therein. The Trustee shall at all times in making investments of the Trust Fund consider, among other factors, the short and long-term financial needs of the Plan on the basis of information furnished by the Employer. In making such investments, the Trustee shall not be restricted to securities or other property of the character expressly authorized by the applicable law for trust investments; however, the Trustee shall give due regard to any limitations imposed by the Code or the Act so that at all times the Plan may qualify as a qualified Pension Plan and Trust.

(b) The Trustee may employ a bank or trust company pursuant to the terms of its usual and customary bank agency agreement, under which

the duties of such bank or trust company shall be of a custodial, clerical and record-keeping nature.

(c) If life insurance policies have been issued under the Plan to insure the death benefits provided hereunder, the Trustee, at the direction of the Administrator, shall apply for, own, and pay premiums on such life insurance policies. Life insurance policies shall, at the direction of the Administrator, be surrendered to the insurer for their cash value or transferred to the Former Participant under the terms of the Plan. The Trustee must convert the entire value of life insurance policies at retirement into cash or provide for a periodic income (under the terms of the Plan) so that no portion of such value may be used to continue life insurance protection.

7.3 OTHER POWERS OF THE TRUSTEE

The Trustee, in addition to all powers and authorities under common law, statutory authority, including the Act, and other provisions of the Plan, shall have the following powers and authorities, to be exercised in the Trustee's sole discretion:

(a) To purchase, or subscribe for, any securities or other property and to retain the same. In conjunction with the purchase of securities, margin accounts may be opened and maintained;

(b) To sell, exchange, convey, transfer, grant options to purchase, or otherwise dispose of any securities or other property held by the Trustee, by private contract or at public auction. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity, expediency, or propriety of any such sale or other disposition, with or without advertisement;

(c) To vote upon any stocks, bonds, or other securities; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights or other options, and to make any payments incidental thereto; to oppose, or to consent to, or otherwise participate in, corporate reorganizations or other changes affecting corporate securities, and to delegate discretionary powers, and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to stocks, bonds, securities, or other property.

(d) To cause any securities or other property to be registered in the Trustee's own name or in the name of one or more of the Trustee's nominees, and to hold any investments in bearer form, but the books and records of the Trustee shall at all times show that all such investments are part of the Trust Fund;

(e) To borrow or raise money for the purposes of the Plan in such amount, and upon such terms and conditions, as the Trustee shall deem advisable; and for any sum so borrowed, to issue a promissory note as Trustee, and to secure the repayment thereof by pledging all, or any part, of the Trust Fund; and no person lending money to the Trustee shall be bound

to see to the application of the money lent or to inquire into the validity, expediency, or propriety of any borrowing;

(f) To keep such portion of the Trust Fund in cash or cash balances as the Trustee may, from time to time, deem to be in the best interests of the Plan, without liability for interest thereon;

(g) To accept and retain for such time as the Trustee may deem advisable any securities or other property received or acquired as Trustee hereunder, whether or not such securities or other property would normally be purchased as investments hereunder;

(h) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

(i) To settle, compromise, or submit to arbitration any claims, debts, or damages due or owing to or from the Plan, to commence or defend suits or legal or administrative proceedings, and to represent the Plan in all suits and legal and administrative proceedings;

(j) To employ suitable agents and counsel and to pay their reasonable expenses and compensation, and such agent or counsel may or may not be agent or counsel for the Employer;

(k) To apply for and procure from responsible insurance companies, to be selected by the Administrator, as an investment of the Trust Fund such annuity, or other Contracts (on the life of any Participant) as the Administrator shall deem proper; to exercise, at any time or from time to time, whatever rights and privileges may be granted under such annuity, or other Contracts; to collect, receive, and settle for the proceeds of all such annuity or other Contracts as and when entitled to do so under the provisions thereof;

(l) To invest funds of the Trust in time deposits or savings accounts bearing a reasonable rate of interest in the Trustee's bank;

(m) To invest in Treasury Bills and other forms of United States government obligations;

(n) To invest in shares of investment companies registered under the Investment Company Act of 1940;

(o) To sell, purchase and acquire put or call options if the options are traded on and purchased through a national securities exchange registered under the Securities Exchange Act of 1934, as amended, or, if the options are not traded on a national securities exchange, are guaranteed by a member firm of the New York Stock Exchange;

(p) To deposit monies in federally insured savings accounts or certificates of deposit in banks or savings and loan associations;

(q) To pool all or any of the Trust Fund, from time to time, with assets belonging to any other qualified employee pension benefit trust created by the Employer or an affiliated company of the Employer, and to commingle such assets and make joint or common investments and carry joint accounts on behalf of this Plan and such other trust or trusts, allocating undivided shares or interests in such investments or accounts or any pooled assets of the two or more trusts in accordance with their respective interests;

IN WITNESS WHEREOF, this Plan has been executed the day and year first above written.

By _____
EMPLOYER

By _____
TRUSTEE

TRUSTEE

EMPLOYER FISCAL OR CALENDAR YEAR PLAN ADOPTION ACKNOWLEDGMENT

WHEREAS, the undersigned Employer has adopted a Plan and Trust, effective for its fiscal/calendar year ending _____; and, thereby amends and restates any existing Plan; and,
(mo. / day / yr.)

WHEREAS, it is the intent of the Employer to form a Qualified Plan for the sole benefit of its Employees, to have the Plan properly funded, and that the payments to said Plan shall be precluded from prohibited diversion;

NOW, THEREFORE, it is acknowledged by the undersigned Employer that the Employer's liability to provide the intended benefits as described above has been created; disclosed by the undersigned Employer that the Employer's right to make corrective amendments under Section 410(b) of the Internal Revenue Code has been reserved; and disclosed by the undersigned Employer that it is the intention of the Employer that the Plan qualify under Section 401(a) of the Internal Revenue Code and that any related Trust be exempt under Section 501(a) of the Internal Revenue Code

Dated this _____ day of _____, 20____, in accordance with the Internal Revenue Code section 401(b), prior to the due date for filing the Employer's Federal Income Tax Return, plus any extensions thereof, as noted: _____.

EMPLOYER'S NAME (please print)

TRUSTEE'S NAME (Please Print)

SIGNATURE OF EMPLOYER

SIGNATURE OF TRUSTEE