Edward Jones Prototype Simplified Employee Pension (SEP) – Basic Plan Document

Article I – Introduction

This agreement must be used with an Internal Revenue Service model Traditional IRA- or Service-approved prototype document.

1.1. **Plan/Purpose.** The Plan has been established by the Adopting Employer and its Affiliates for the exclusive benefit of their Employees.

1.2. **Simplified Employee Pension Plan.** The Plan is a Simplified Employee Pension (SEP) Plan that is intended to satisfy all requirements of Code Sections 408(k) and ERISA, and should be interpreted accordingly.

Article II – Definitions and Construction

2.1. **Definitions.** For purposes of this Plan, the following words and phrases shall have the meanings specified below unless the context plainly requires a different meaning:

(a) *"Administrator"* means the Adopting Employer or, if an individual or committee is designated as such in the "Plan Name" section of the SEP Adoption Agreement, then such individual or committee.

(b) *"Adopting Employer"* means the corporation, partnership, sole proprietorship or other entity identified as such in the "Plan Name and Plan Administrator" section of the SEP Adoption Agreement, and any successor thereto.

(c) *"Affiliate"* means each corporation that is a member of a controlled group (as defined in Code section 414(b)) that includes the Adopting Employer; each trade or business under common control (as defined in Code section 414(c)) that includes the Adopting Employer; each organization that is a member of an affiliated service group (as defined in Code section 414(m)) that includes the Adopting Employer; and each entity required to be aggregated with the Adopting Employer under Code section 414(o).

(d) *"Basic Plan Document"* means this document, which sets forth the non-elective provisions of the plan.

(e) *"Code"* means the Internal Revenue Code of 1986, as amended.

(f) *"Compensation"*

In General: Compensation shall mean one of the following:

(i) Information required to be reported under Code sections 6041, 6051 and 6052: (Wages, tips and other Compensation as reported on Form W-2.) Compensation is defined as wages within the meaning of Code section 3401(a) and all other payments of Compensation to an Employee by the employer (in the course of the employer's trade of business) for which the employer is required to furnish the Employee a written statement under Code sections 6041(d), 6051(a)(3) and 6052. Compensation must be determined without regard to any rules under Code section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code section 3401(a)(2)).

(ii) Code section 3401 "Wages": Compensation is defined as wages within the meaning of Code section 3401(a) for the purposes of income tax withholding at the source, but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the service performed (such as the exception for agricultural labor in Code section 3401(a)(2)).

(iii) Code section 415 "Safe-Harbor Compensation": Compensation is defined as wages, salaries and fees for professional services and other amounts received (without regard to whether an amount is paid in cash) for personal services actually rendered in the course of employment with the employer maintaining the Plan to the extent that the amounts are includable in gross income (including, but not limited to, commissions paid salespeople, compensation for services on the basis of a percentage of profits, commissions paid on insurance premiums, tips, bonuses, fringe benefits, and reimbursements, or other expense allowances under a nonaccountable plan (as described in 1.61-2(c) of the Income Tax Regulations)), and excluding the following:

- Employer contributions to a plan of deferred Compensation that are not includable, the Employee's gross income for the taxable year in which contributed, employer contributions under a Simplified Employee Pension Plan or any distributions from a plan of deferred Compensation;
- Amounts realized from the exercise of a non-qualified stock option, or when restricted stock (or property) held by the Employee either becomes freely transferable or is no longer subject to a substantial risk or forfeiture;
- Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and
- Other amounts that received special tax benefits, such as premiums for group-term life insurance (only to the extent the premiums are not includable in the gross income of the Employee).

- Self-Employed Individuals. For any Self-Employed Individual covered under the plan, Compensation will mean earned income.

Compensation Included. Compensation shall include only that Compensation which is actually paid or made available to the participant during the year.

Adjustment to Compensation. Except where specifically stated otherwise in this Plan, a participant's Compensation shall include any elective deferral described in Code section 402(g)(3) or any amount that is contributed by the employer at the election of the Employee and that is not includable in the gross income of the Employee under Code sections 125, 132(f)(4) or 457.

Limitation on Compensation. The annual Compensation of each participant taken into account under the Plan shall not exceed $330,000 for 2023 or $345,000 for 2024 (may be adjusted for increases in the cost-of-living in accordance with Code section 401(a)(17)(b)). If a Plan determines Compensation on a period of time that contains fewer than 12 calendar months, then the annual Compensation limit is an amount equal to the annual Compensation limit for the calendar year in which the Compensation period begins multiplied by a fraction, the numerator of which is the number of full months in the short Compensation period, and the denominator of which is 12.

(g) *"Effective Date"* means the date on which the Plan is to be effective, as specified in "Effective Date" section of the SEP Adoption Agreement.

(h) *"Employee"* means each common-law Employee or leased Employee (if required to be treated as an Employee under Code section 414(n)) of the Adopting Employer or an Affiliate, each Self-Employed Individual with respect to the Adopting Employer or an Affiliate, and any other individual required to be treated as an Employee under the regulations adopted under Code section 414(o).

(i) *"ERISA"* means the Employee Retirement Income Security Act of 1974, as amended.

(j) *"Excess Compensation"* means Compensation in excess of the Integration Level.

(k) *"Integration Level"* means the amount equal to the Taxable Wage Base (TWB) or such lesser amount elected by the Adopting Employer in the SEP Adoption Agreement.

(l) *"Integration Rate"*

(i) Integration Level=TWB. If the Integration Level is equal to the TWB, then "Integration Rate" means the greater of (i) 2.7% or (ii) the percentage rate of tax in effect under Code section 3111(a) as of the beginning of the Plan year which is attributable to the old age portion the Old Age, Survivors and Disability Insurance provisions of the Social Security Act minus 3%.

(ii) Integration Level < TWB. If the Integration Level is less than the TWB, then "Integration Rate" means the percentage determined under the following table where:

If the Integration Level is:	The Maximum Integration Rate is:
TBW	5.7%
80-100% of TWB	5.4%
20-80% of TWB	4.3%
below 20% of TWB	5.7%

(m) *"SEP Adoption Agreement"* means the separate agreement executed by an individual duly authorized to act on behalf of the Adopting Employer and its Affiliates, which sets forth the options elected with respect to the Plan.

(n) *"Taxable Wage Base"* means the contribution and benefit base in effect under section 230 of the Social Security Act at the beginning of the Plan year.

2.2. **Gender and Number.** Where appropriate, pronouns in the Plan stated in the masculine gender include the feminine gender, words in the singular include the plural, and words in the plural include the singular.

2.3. **Headings.** Headings in the Plan are included solely for ease of reference and do not bear on the interpretation of the text.

Article III – Participation and Notices

3.1. **Participation Requirements.** The employer agrees to provide for discretionary contributions in each Plan Year to a traditional IRA to eligible Employees who are (1) at least age 21 or older, (2) performed service for the employer in at least three of the past five years and (3) received at least $750 in Compensation from the employer for the year 2023 and received at least $750 in Compensation from the employer for the year 2024. Excludible Employees as defined in Article 3.2 are not eligible to participate in the Plan regardless of age, years of service or Compensation (unless included by the employer on the SEP Adoption Agreement). The employer may use less restrictive participation requirements, but not more restrictive ones.

3.2. **Excludible Employees.** For the Plan Year, an employee who meets the following conditions may not be eligible to participate in the Plan.

(a) *Collective Bargaining Employees:* Employees covered by a union agreement and whose retirement benefits were bargained for in good faith by the Employees' union and the employer.

(b) *Nonresident Aliens:* Nonresident alien Employees who have received no U.S. source wages, salaries or other personal services Compensation from the Employer.

(c) *Service with Predecessor:* Services with a corporation, partnership, sole proprietorship or other entity prior to the date on which it becomes an Affiliate may not be credited

as service under the Plan for purposes of determining whether an Employee has satisfied the participation requirements.

3.3. **Notice of Participation.** The Administrator shall provide a written notice to each Employee upon adoption of the Plan and again when such Employee first becomes a participant. Such notice shall include such specific information concerning the terms of the Plan and such general information concerning SEPs and IRAs as is required under regulations adopted under ERISA section 104 and Code section 408(l).

3.4. **Notice of Contribution.** The Administrator shall provide a written notice to each participant indicating the amount of each contribution made to such participant's IRA under the Plan. Such notice shall be provided no later than the later of (i) 30 days after the contribution is made, or (ii) January 31 following the calendar year for which the contribution is made, and shall include such additional information as may be required under regulations adopted under Code section 408(l).

3.5. **Establishment of IRA.** The Administrator shall prescribe a date by which each participant shall be required to establish an IRA to receive contributions under the Plan and, if a participant fails to establish an IRA by the specified date, the Administrator shall establish an IRA on his/her behalf. An IRA established to receive contributions under this Plan must be a model IRA issued by, or a master or prototype IRA approved by, the Internal Revenue Service and, must accept contributions made under a SEP Plan.

Article IV – Contributions and Allocations

4.1. **Employer Contributions.** The adopting employer shall determine, in its sole discretion, whether an annual contribution will be made under the Plan for a Plan year and the amount of such contribution. If a contribution is made for a Plan year, it shall be allocated among the participants in the manner specified in "Employer Contribution and Allocation Formula" section of the SEP Adoption Agreement, and the portion allocated to each participant shall be contributed to the IRA established by or on behalf of such participant to receive contributions hereunder.

4.2. **Participant Contributions.** No participant shall be required or permitted to make a contribution to his/her IRA under the Plan, provided that this this provision shall not prohibit a participant from making a contribution on his/her own behalf, independent of the Plan, to the IRA established to receive contributions under the Plan, if such IRA permits such contributions.

4.3. **Percentage Contribution Formula.** If the employer has selected the Percentage Contribution Formula in the SEP Adoption Agreement, then employer contributions for each plan year shall be allocated to each participant in the same proportion as such participant's Compensation (not in excess of $330,000 for 2023 or $345,000 for 2024, indexed for cost-of-living increases in accordance with section 408(k)(8) of the Code); for the Plan year bears to the total Compensation of all participants for such Plan year.

4.4. **Integrated Contribution Formula.** If the employer has selected the Integrated Contribution Formula in the SEP Adoption Agreement, then employer contributions for the Plan will be allocated to each participant as follows:

(a) *Step One:* First, the contribution shall be allocated among the participants in the ratio that each participant's total Compensation bears to the total Compensation of all participants, provided that no participant shall receive an allocation in this Step One of more than 3% of his/her Compensation.

(b) *Step Two:* Second, the contribution remaining after the allocation in Step One shall be allocated among the participants in the ratio that each participant's Excess Compensation bears to the total Excess Compensation of all participants, provided that no participant shall receive an allocation in this Step Two of more than 3% of his/her Excess Compensation. For purposes of this Step Two, in the case of any participant who has exceeded the cumulative disparity limit described below, such participant's total Compensation will be taken into account.

(c) *Step Three:* Third, the contribution remaining after the allocation in Step Two shall be allocated among the participants in the ratio that the sum of each participant's total Compensation and Excess Compensation bears to the sum of the total Compensation and Excess Compensation of all participants, provided that no participant shall receive an allocation in this Step Three of more than the amount determined by multiplying the Integration Rate by the sum of his/her Compensation and Excess Compensation. For purposes of this Step Three, in the case of any participant who has exceeded the cumulative permitted disparity limit described below, two times such participant's total Compensation shall be taken into account.

(d) *Step Four:* Finally, the contribution remaining after the allocation in Step Three shall be allocated among the participant's total contribution as it bears on to the total Compensation of all participants.

(e) *Annual Permitted Disparity Limit:* Notwithstanding the preceding paragraphs, for any Plan year this Plan benefits any participant who benefits under another Simplified Employee Pension Plan or qualified plan described in Code section 401(a) maintained by the adopting employer that provides for permitted disparity (or imputes disparity), employer contributions will be allocated to each participant's IRA in the ratio that the participant's total Compensation bears to the total Compensation of all participants.

(f) *Cumulative Permitted Disparity Limit:* Effective for Plan years beginning on or after January 1, 1995, the cumulative permitted disparity limit for a participant is 35 total cumulative permitted disparity years. Total

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

4.5. **Flat Dollar Contribution Formula.** If the employer has selected the Flat Dollar Allocation Formula in the SEP Adoption Agreement, then the employer contributions for each Plan year shall be allocated to each participant in the same dollar amount.

4.6. **Eligibility for Allocation.** Each Employee who satisfies the participant requirements specified in "Participation Requirements" section of the SEP Adoption Agreement will share in an allocation as determined in Section 4.3, 4.4 or 4.5, as applicable.

4.7. **Limitation on Allocations.** In no event can the amount allocated to each participant's IRA exceed the lesser of 25% of the participant's Compensation or $66,000 for 2023 or $69,000 for 2024 (may be adjusted under Code section 415(d)). For purposes of the 25% limitation described in the preceding sentence, a participant's Compensation does not include any elective deferral described in Code section 401(g)(3) or any amount that is contributed by the employer at the election of the Employee that is not includable in the gross income of the Employee under Code sections 125, 132(f)(4) or 457.

4.8. **Vesting.** A participant shall have a fully vested and non-forfeitable right to all amounts contributed to his/her IRA under the Plan.

4.9. **Records.** The Administrator shall maintain records to disclose the amount of the contribution allocated to each Participant for each Plan year.

4.10 **Payment to IRA.** The portion of each annual contribution made under the Plan allocated to each participant shall be paid to the IRA established by him/her or on his/her behalf not later than the time prescribed by law for filing the Federal Income Tax Return (including extensions thereof) of the adopting employer for the taxable year of the adopting employer with or within which ends the Plan year.

Article V – Administration

5.1. **Administrator.** The Plan shall be administered by the Adopting Employer or, if an individual or committee is designated as the Administrator in the "Plan Name" section of the SEP Adoption Agreement, then such individual or committee.

5.2. **Administrative Powers.** The Administrator shall have such powers that are not specifically reserved to the Adopting Employer which are appropriate to administer the Plan, including, but not limited to, the power to

(a) determine all questions arising under the Plan, including the power to determine the rights of an Employee or participant hereunder,

(b) construe the terms of the Plan and remedy ambiguities, inconsistencies or omissions,

(c) adopt rules of procedure as appropriate for proper administration,

(d) enforce the provisions of the Plan and the rules which it adopts,

(e) furnish the Adopting Employee and its Affiliates and Employees with such information relating to the Plan as may be required for tax or other purposes and

(f) employ agents, attorneys, accountants, actuaries or other persons as appropriate for proper administration. The Administrator shall have full discretion in the exercise of the powers hereby granted.

5.3. **Claims Procedure.** The Administrator shall adopt a claims procedure consistent with ERISA to allow any person who believes that he/she is entitled to a benefit under the plan, a reasonable opportunity to be heard.

5.4. **Information.** The Adopting Employer, each Affiliate and each Employee shall furnish the Administrator with such data and information as the Administrator deems appropriate for proper administration.

5.5. **Uniform Rules and Administration.** The Administrator shall administer the Plan on a reasonable and nondiscriminatory basis and shall apply uniform rules to all persons similarly situated.

Article VI – Amendment and Termination

6.1. **Amendment by Sponsor.** The sponsor reserves the right to amend the Plan prospectively for any reason, or retroactively if necessary to comply with changes to the law, provided that:

(a) No amendment shall be effective unless the sponsor receives an opinion from the Internal Revenue Service (IRS) that the Plan, as amended, continues to satisfy the requirements of Code section 408(k), and

(b) If the Plan is converted from a prototype plan to an individually designed plan, the right of the sponsor to amend the Plan shall thereupon lapse.

The Adopting Employer and each Affiliate hereby delegates to the sponsor the power to amend the Plan as specified above.

6.2. **Amendment by Adopting Employer.** The Adopting Employer and its Affiliates reserve the right to amend the Plan by

(a) Changing the choice of options in the Adoption Agreement,

or

(b) Adding any model language published by the IRS, if the IRS specifically provides that the adoption of such model language will not cause the Plan to be treated as an individually designed plan.

6.3. **Conversion to Individually Designed Plan.** The Plan shall be deemed to have been converted from a prototype plan to an individually designed plan if

(a) An amendment to the Plan is adopted which is not described in section 6.2,

(b) The Adopting Employer notifies the sponsor in writing of the conversion of Plan from a prototype plan to an individually designed plan,

(c) The sponsor notifies the Adopting Employer that it will no longer sponsor the Plan as a prototype plan or

(d) If the Adopting Employer or an Affiliate maintains a qualified defined benefit plan, such plan is terminated.

6.4. **Termination.** Although the Adopting Employer and its Affiliates intend to maintain the Plan indefinitely, the Plan is entirely voluntary on the part of the Adopting Employer and its Affiliates and the continuation of the Plan and the contributions hereunder should not be construed as a contractual obligation of the Adopting Employer or any Affiliate. Accordingly, the Adopting Employer and its Affiliates reserve the right to terminate the Plan in its entirety at any time or to suspend all contributions hereunder.

6.5. **Affiliates.** The Employees of the Adopting Employer and all Affiliates shall be eligible to participate in the Plan in accordance with its terms. If a corporation, partnership or sole proprietorship or other entity becomes an Affiliate during a Plan year (other than by reason of a spin-off or similar transaction from the Adopting Employer or another Affiliate), service with such entity prior to the date on which it becomes an Affiliate shall not be credited as service under the Plan unless otherwise specified in the "Employer Information" section of the SEP Adoption Agreement for purposes of determining whether an Employee has satisfied the participation requirements.

Article VII – General Provisions

7.1. **Withdrawals from IRA.** The right of a participant to share in the allocation of a contribution made under this Plan shall not be conditioned on the retention in his/her IRA of any portion of the amount contributed on his/her behalf, and no prohibition shall be imposed on withdrawals by a participant from his/her IRA.

7.2. **Excess Contributions.** If the portion of an annual contribution allocated to a participant and contributed to his/her IRA exceeds the maximum permitted under section 4.7, he/she may withdraw such excess prior to the due date for filing his/her Federal Income Tax Return for the year for which the Excess Contribution was made on his/her own behalf independent of the Plan. If a participant does not withdraw the excess, he/she shall be responsible for any excise tax imposed under Code as a result of the Excess Contribution.

7.3. **No Employment Rights.** The Plan is not a contract of employment, and participation in the Plan does not confer upon any Employee the right to be retained in the employ of the Adopting Employer or any Affiliate.

7.4. **Absence of Guarantee.** The Adopting Employer and its Affiliates do not in any way guarantee any IRA from loss of depreciation, nor in any way guarantee any payment to any person except as may be required under law.

7.5. **Community Property Laws.** The terms and conditions of the Plan shall be applied without regard to the community property laws of any State.

7.6. **Action by Employers.** Any action taken by the Adopting Employer and its Affiliates with respect to the Plan shall be by resolution of its Board of Directors or by an individual who is duly authorized to act on behalf of the Adopting Employer and its Affiliates.

SEP DISCLOSURE INFORMATION

A Simplified Employee Pension, or SEP, is an arrangement through which an employer can make contributions toward its Employees' retirement income without becoming involved in more complex retirement plans. Under a SEP, an employer makes contributions directly to each Employee's Individual Retirement Account or Annuity (IRA). The IRA to which the employer contributes is referred to as a SEP IRA.

An employer who signs a SEP Adoption Agreement is not statutorily required to make any contribution to the SEP IRAs of eligible Employees. However, if any contribution is made, the contributions may not discriminate in favor of highly compensated Employees, as that term is defined in section 414(q) of the Internal Revenue Code ("Code").

In the case of a participant who is not a self-employed individual, his/her gross income reported on Form W-2 will not include the employer's SEP contribution. The employer will provide a statement to the participant that shows the amount of the SEP contribution. In the case of a self-employed individual, a deduction is allowed for SEP contributions. For more specific information, see Question 3. If an eligible Employee makes less than $750 for 2023 or $750 for 2024 (as adjusted under Code section 408 (k)(8)) in the year for which the contribution is made, the employer need not make a SEP contribution for that employee.

The participation requirements that the employer may impose cannot be more restrictive than the law provides, but they can be less restrictive. The law provides that all Employees who are at least 21 years old and have worked for the employer for some period of time (however short) in any three of the immediately preceding five calendar years, are eligible to receive SEP contributions. Certain nonresident aliens, and certain union Employees who have already negotiated with respect to retirement benefits, may be excluded from participation.

This information and the following "Questions and Answers" should provide a basic understanding of what a SEP is and how it works. An Employee who has unresolved questions concerning SEPs should call the Federal Tax information number, or the IRS toll-free number found online.

The following will represent the account owner/account holder (you, your, my and I). The remaining will apply to the definitions given in the Account Agreement, IRA Disclosure Statement and Custodial Agreement.

1. **Q. Who controls my SEP IRA?**

   A. You own and control your SEP IRA. Your employer sends SEP contributions to the financial institution in which your IRA is maintained, but SEP contributions become your property when they are deposited in your IRA. However, you may incur a penalty if you withdraw the funds from your IRA earlier than allowed by law. See Question 10.

2. **Q. Must my employer contribute to my IRA under the SEP?**

   A. There is no statutory requirement that an employer make or maintain a particular level of contributions, so the contributions are entirely discretionary. If a contribution is made under the SEP, however, it must be allocated to all eligible Employees according to the SEP Adoption Agreement.

3. **Q. How do I treat my employer's SEP contribution for my taxes?**

   A. The amount your employer contributes for a year is exclud- able from your gross income to the extent the contribution does not exceed the smaller of $66,000 for 2023 or $69,000 for 2024 (may be adjusted under Code section 402(h)(2)(B)) or 25% of your annual Compensation. If you are a self-employed individual, a SEP contribution is allowed as a deduction on your federal Income Tax return, but only to the extent that the contribution does not exceed 25% of your earned income from self-employment (determined after the SEP deduction). Earned income from self-employment is determined after a) contributions to a qualified plan to the extent deductible and b) one half of Self-Employment Tax. Also see Question 12.

4. **Q. What information must my employer provide to me with respect to SEP contributions for my taxes?**

   A. SEP contributions will not be reflected in your gross income on Form W-2. Your participation in a SEP, however, may result in you being classified as an "active participant" in a retirement plan, which will limit your ability to make a deductible IRA contribution for the year. If you are an active participant, the checkbox on Form W-2 labeled "retirement plan" will be marked.

5. **Q. May I also contribute to an IRA if my employer has signed a SEP agreement?**

   A. You may be entitled to make contributions to the SEP IRA to which your employer contributes. Alternatively, you may find it to your advantage to make contributions to an IRA other than the SEP IRA to which your employer contributes. Other IRAs may provide different rates of return or may have different, or more beneficial, terms (such as favorable transfer and withdrawal provisions). If you are an "active participant" in a SEP (or other retirement plan) for a year, you may not be able to deduct an IRA contribution that you make on your own behalf, or your deduction may be limited. Nondeductible contributions, however, are permitted.

6. **Q. Can SEP contributions be deposited in any IRA?**

   A. SEP contributions may be deposited in any IRA; however, the SEP Adoption Agreement and the IRA into which your SEP contributions are deposited must satisfy all statutory and regulatory requirements to ensure that otherwise proper contributions are deductible. Although there is no requirement that the printed language of SEPs and IRAs be reviewed by the IRS, many of them have been reviewed and the IRS has issued letters as part of the SEP or IRA package the employer or financial institution gives you. The IRS has also issued a model SEP Adoption Agreement and model IRAs that are available for use by the public, and the printed language may be relied on as technically sufficient if they are executed without change. If the printed language on the model is reproduced, the reproduction can also be relied on as technically sufficient (even if its derivation from the IRS form is not mentioned). However, in all cases the SEP and the IRA it modifies (whether or not a model) must also be operated and maintained in accordance with their respective terms and current laws and regulations in order to be assured that proper contributions will be tax deductible. Also see Question 7.

7. **Q. My spouse and I both have IRAs. Can my employer contribute the SEP contribution to my spouse's IRA?**

   A. Although there is not direct prohibition against this, it may result in adverse tax consequences. Your employer's entire contribution may be included in your income for that year. A transaction of this sort could result in complex tax consequences requiring professional advice.

8. **Q. What happens if I don't want a SEP IRA?**

   A. Your employer may require that you become a participant in such an arrangement as a condition of employment. However, if the employer does not require all eligible Employees to become participants and an eligible Employee elects not to participate for a particular year, all other Employees of the same employer will be prohibited from receiving a SEP IRA contribution from that employer for that year. If one or more eligible Employees do not participate and the employer attempts to make a SEP IRA contribution for the remaining Employees, the resulting arrangement may have adverse tax consequences to the participating Employees.

9. **Q. Can I move funds from my SEP IRA to another tax-sheltered IRA?**

   A. You may find it to your advantage to move contributions made to your SEP IRA to another IRA. Other IRAs may provide different rates of return, or may have different or more beneficial terms (such as favorable transfer and withdrawal provisions). Depending on the contractual terms of the IRA to which your employer contributes, you may be able to move your funds to another IRA. Even if contractually permitted, for tax purposes there are only two permissible ways for you to move funds from the SEP IRA to another IRA. First, it is permissible for you to withdraw or receive funds from your SEP IRA and, no more than 60 days later, place such funds in another IRA or SEP IRA. This is called a "rollover" and may not be done without penalty more frequently than at one-year intervals. Second, you may be able to arrange for a direct transfer of funds between trustees. There are no restrictions on the number of times you may make "transfers" if you arrange to have such funds transferred directly between trustees, so that you never have possession.

10. **Q. What happens if I withdraw my Employer's SEP contribution from my IRA?**

    A. If you don't want to leave the employer's SEP contribution in your IRA, you may withdraw it at any time, but any amount withdrawn (and not rolled over) is includable in your income. Also, if withdrawals occur before you reach age 59 1/2, and are not on account of death or disability, you may be subject to the imposition of an extra penalty. Also see Questions 4 and 12.

11. **Q. May I participate in a SEP even though I'm covered by another plan?**

    A. Yes. You can participate in a SEP (other than a model SEP) even though you participate in another plan of the same employer. However, the combined contribution limits are subject to certain limitations described in section 415 of the Internal Revenue Code. Also, if you work for several employers, you may be covered by the SEP of one employer and a pension or profit-sharing plan of another employer. Also see Questions 12 and 13.

12. **Q. What happens if too much is contributed to my SEP IRA in any one year?**

    A. Any contribution that is more than the yearly limitations may be withdrawn without penalty by the due date (plus extensions) for filing your tax return (normally April 15th), but is includable in your gross income. Excess contributions left in your SEP IRA account after that time may have adverse tax consequences. Withdrawals of those contributions may be taxed as premature withdrawals.

13. **Q. Do I need to file any additional forms with IRS because I participate in a SEP?**

    A. No.

14. **Q. Is my employer required to provide me with information about SEP IRAs and the SEP Agreement?**

    A. Yes. Your employer or plan Administrator must provide you with the following information:

    (a) At the time you become eligible to participate in the SEP, your employer or plan Administrator must inform you in writing that a SEP Adoption Agreement has been adopted and state which Employees must participate, how employer contributions are allocated and who can provide you with a copy of the SEP document.

    (b) Your employer or plan Administrator must inform you in writing of all employer contributions to your SEP IRA (this information must be supplied by January 31 of the year following the year that contribution is made, or 30 days after the contribution is made, whichever is later).

    (c) If your employer amends the SEP, or replaces it with another SEP, the employer or plan Administrator must furnish a copy of the amendments or new SEP (with a clear written explanation of its terms and effects) to each participant within 30 days of the date the SEP or amendment becomes effective.

    (d) If your employer selects or recommends the IRAs into which the SEP contribution will be deposited (or substantially influences you or other Employees to choose them), your employer or plan Administrator must ensure a clear written explanation of the terms of those IRAs is provided at the time each Employee becomes eligible to participate. The explanation must include information about the terms of those IRAs, such as rates of return, and any restrictions on a participant's ability to "rollover," transfer, or withdraw funds from the IRAs (including restrictions that allow rollovers or withdrawals but reduce earnings of the IRAs or impose other penalties).

    (e) If your employer selects, recommends or substantially influences you to choose a specific IRA and the IRA prohibits the withdrawal of funds, your employer or plan Administrator may be required to provide you additional information. Regulations promulgated by the Department of Labor under Title I of ERISA should be consulted in this regard.

15. **Q. Is the financial institution where I establish my IRA also required to provide me with information?**

    A. Yes, it must provide you with a disclosure statement that contains the following items of information in plain, nontechnical language:

    (a) the statutory requirements that relate to your IRA;

    (b) the tax consequences that follow the exercise of various options and what those options are;

    (c) participation eligibility rules, and rules on deductions for retirement savings;

(d) the circumstances and procedures under which you may revoke your IRA, including the name, address and telephone number of the person designated to receive your notice of revocation (this explanation must be prominently displayed at the beginning of the disclosure statement);

(e) explanations of when penalties may be assessed against you because of specified prohibited or penalized activities concerning your IRA; and

(f) financial disclosure information that describes the sales commissions that will be charged and the method for determining the amount of money that will be available to you at any period of time. Due to numerous modes of investments that you may choose, neither a guaranteed return nor a projected amount can be practically furnished.

See IRS Publications 560 and 590 available at any IRS office for a more complete explanation of the disclosure statement requirements. In addition to this disclosure statement, the financial institution is required to provide you with a financial statement each year. It may be necessary to retain and refer to statements for more than one year to evaluate the investment performance of the IRA.

IRS Opinion Letter

The Edward Jones & Company Self-Directed Prototype SEP IRA has been approved by the IRS. This approval means only that the IRS has checked that the plan meets the minimum requirements of the tax laws. It is not a guarantee that this is a good or safe plan. The IRS does not make financial evaluations of IRA plans. Additional information can be obtained from any district office of the IRS. A copy of the IRS opinion letter is reproduced below:

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

Prototype SEP 002
FFN:50482070000-002 Case:200500849 EIN:43-0345811
Letter Serial No: K410570c

EDWARD D. JONES

201 PROGRESS PARKWAY
MARYLAND HEIGHTS, MO 63043

Contact Person:
Ms. Arrington 50-00197
Telephone: (202) 283-8811
In Reference to: T:EP:RA:T3
Date: 05/05/2005

Dear Applicant:

In our opinion, the amendment to the form of your Simplified Employee Pension (SEP) arrangement does not adversely affect its acceptability under section 408(k) of the Internal Revenue Code. This SEP arrangement is approved for use only in conjunction with an Individual Retirement Arrangement (IRA) which meets the requirements of Code section 408 and has received a favorable opinion letter, or a model IRA (Forms 5305 and 5305-A).

Employers who adopt this approved plan will be considered to have a retirement savings program that satisfies the requirements of Code section 408 provided that it is used in conjunction with an approved IRA. Please provide a copy of this letter to each adopting employer.

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

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

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

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

Sincerely yours,

Mark F. O'Donnell
Director
Employee Plans Rulings & Agreements

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