



SEP SUMMARY FOR EMPLOYEES

Please read together with your Employee Information Booklet.

ESTABLISHMENT OF SEP PLAN

Your Employer has adopted a type of Employee benefit plan known as a simplified employee pension (SEP) plan. To become a participant in the Plan, you must meet the Plan's eligibility requirements specified below. Once you become a Participant, you are entitled to receive a certain share of the amounts your Employer contributes under the Plan and/or make contributions to the Plan out of your salary. All contributions will be deposited into a Traditional IRA for you. Contributions made under the Plan for you are yours to keep. These features of the Plan are explained further in the accompanying *Employee Information Booklet*.

The actual Plan is a complex legal document that has been written in a manner required by the Internal Revenue Service. The *SEP Summary for Employees*, however, is designed to explain and summarize the important features of the Plan. If you have any questions or need additional information about the Plan, consult _____.

(Name of Employer Representative)

You may examine the Plan itself at a reasonable time by making arrangements with the above-mentioned representative of your Employer.

EMPLOYER INFORMATION

Name of Adopting Employer _____

Address _____

Telephone _____ Plan Year End _____

TYPE OF PLAN

Basic SEP Plan: Your Employer has adopted a "basic" SEP Plan. Under this type of SEP Plan, your Employer may (but is not required to) make contributions on your behalf. Your right to receive a contribution and the amount of the contribution are detailed in the sections below.

Salary Deferral SEP Plan: Your Employer has adopted a "salary deferral" SEP Plan. Under this type of SEP Plan, your Employer may (but is not required to) make contributions on your behalf. In addition, if you agree to a payroll deduction, your Employer will deposit the percentage of your salary you specify to your IRA. These types of contributions are called Elective Deferrals.

EFFECTIVE DATES

The Effective Date of this SEP Plan is _____.

If this is a restatement of an existing SEP Plan (a Prior Plan), the Prior Plan was initially effective on _____.

The Effective Date of this restatement is _____.

ELIGIBILITY

Employer Contributions: Contributions and, if a salary deferral SEP Plan has been adopted, Elective Deferrals, may be made by your Employer for you if you are an "eligible" Employee and if you have met the age and service requirements set forth below.

Eligible Employees: Under the SEP Plan, all Employees can participate except the classifications of Employees checked below:

- Those Employees covered by the terms of a collective bargaining agreement (a union agreement) where retirement benefits were negotiated.
- Those Employees who are nonresident aliens who received no United States earned income from the Employer.
- Those Employees that are determined to be acquired Employees as a result of an acquisition or similar transaction with the Employer as described in the Code (during the transition period only).
- Those Employees who did not earn at least \$450 (2006), \$500 (2007) from the Employer during the year. (This amount is subject to cost-of-living adjustments.)

Age Requirement: You must be at least _____ years old.

All Employees will be considered to have met the age and service requirements described above if employed on the Effective Date of this SEP Plan. Yes No

Service Requirement: You must have worked for your Employer in at least _____ (must be 0, 1, 2, or 3) of the immediately preceding five years.

CONTRIBUTION AND ALLOCATION FORMULAS

The amount of the Employer Contribution, if any, will be determined according to the formula selected below:

- Discretionary:** An amount determined each year by the Employer.
- Fixed Percent of Profits Formula:** _____ % of the Employer's profits in excess of \$_____.
- The Employer will not make Employer contributions to the SEP Plan.

Any Employer contribution will be allocated to your IRA in accordance with the formula selected below:

- Pro Rata Formula:** Each eligible Employee will receive a pro rata portion of the Employer Contribution equal to the ratio of his or her Compensation to the total Compensation of all eligible Employees. Thus, the contribution will be the same percentage of Compensation for all Employees.
- Flat Dollar Formula:** The Employer Contribution for all eligible Employees will be the same dollar amount.
- Integrated Formula:** Integration allows contribution percentages among eligible Employees to vary. Details about integration are provided in your *Employee Information Booklet*. The integration level is:
 - The Taxable Wage Base (TWB); or
 - _____ % of the TWB.

Elective Deferrals: (for salary deferral SEP plans only) You can set aside each pay period an amount not in excess of \$_____ or _____ % of your salary or earnings from your Employer to your IRA, but the dollar amount set aside for any calendar year cannot exceed \$15,000 for 2006, \$15,500 for 2007. (After 2007, the limitation may be adjusted for cost-of-living increases.)

Catch-Up Contributions will or will not be permitted under the SEP Plan.

If Catch-Up Contributions are available under the SEP Plan, and you will attain age 50 on or before the end of the calendar year, you can elect to have your Elective Deferrals increased by an additional amount. This additional amount shall not be greater than \$5,000 for 2006 and 2007. (After 2007, the limitation may be adjusted for cost-of-living increases.)

Your Employer has elected that you may may not authorize an amount of a cash bonus not to exceed \$11,000 (as indexed) to be contributed to your IRA rather than being paid to you in cash.