



P.O. Box 2526, Waco, TX 76702-2526  
 PHONE: 800-955-3434 (option 2), 254-751-1505 (option 2)  
 FAX: 254-751-0872 / E-MAIL: IRAServices@SterlingTrustCompany.com

**SUMMARY DESCRIPTION FOR  
 NON-DESIGNATED FINANCIAL  
 INSTITUTION (NON-DFI)**

*If the Employer is not utilizing Sterling Trust's SIMPLE Plan as their plan document, then the Employer must complete the following:*

PLEASE PRINT CLEARLY. A DELAY IN PROCESSING MAY OCCUR IF INSTRUCTION IS UNCLEAR.

|   |       |  |
|---|-------|--|
| <b>1 PLAN INFORMATION</b>                   |       |  |
| NAME OF EMPLOYER                            |       |  |
| EMPLOYER ADDRESS                            |       |  |
| CITY  | STATE | ZIP CODE                                       |
| NAME AND ADDRESS OF CUSTODIAN               |       |  |
| Equity Trust Company, d.b.a. Sterling Trust |       |  |
| P. O. Box 2526<br>Waco, TX 76702            | OR    | 1101 Wooded Acres, Suite 120<br>Waco, TX 76710 |

|  |   |
|--|---|
| <b>2 ELIGIBILITY REQUIREMENTS</b>  |   |
| All Employees of the Employer shall be eligible to participate under the Plan except:  |   |
| <input type="checkbox"/>   | a. Employees included in a unit of employees covered under a collective bargaining agreement.   |
| <input type="checkbox"/>   | b. Non-resident alien employees who did not receive US source income.   |
| <input type="checkbox"/>   | c. Employees who are not reasonably expected to earn \$ _____ (not to exceed \$5,000) during the Plan Year for which the contribution is being made.            |
| <input type="checkbox"/>   | d. There are no eligibility requirements. All Employees are eligible to participate upon the later of the plan's effective date or the employee's date of hire. |
| Each Eligible Employee will be eligible to become a Participant after having worked for the Employer during any _____ prior years (not to exceed 2) and received at least \$ _____ in compensation (not to exceed \$5,000), during each of such prior years. |   |

|   |  |
|---|--|
| <b>3 WRITTEN ALLOCATION FORMULA</b>   |  |
| The Employer has agreed to provide contributions for the _____ Plan Year as follows (complete only one choice): |  |
| <input type="checkbox"/>  | a. Matching Contribution - The amount of the Participant's Elective Deferral not in excess of 3% of such Participant's Compensation.   |
| <input type="checkbox"/>  | b. Matching Contribution - The amount of the Participant's Elective Deferral not in excess of _____% (not less than 1% nor more than 3%) of each Participant's Compensation. |
| <input type="checkbox"/>  | c. Nonelective Employer Contribution - 2% of each Eligible Participant's Compensation.   |

|   |
|---|
| <b>4 ADDITIONAL INFORMATION</b>   |
| The Employer has designated _____ (Insert Name & Title) to provide additional information to participants about the Employer's SIMPLE Plan. |

**GENERAL DISCLOSURE INFORMATION**

The following information explains what a Savings Incentive Match Plan for Employees ("SIMPLE") is, how contributions are made, and how to treat these contributions for tax purposes. For more specific information, refer to the SIMPLE Retirement Plan document itself, the completed Adoption Agreement, and the accompanying "Employer Disclosure."

For a calendar year, you may make or modify a salary reduction election during the 60-day period immediately preceding January 1 of that year. However, for the year in which you first become eligible to make salary reduction contributions, the period during which you may make or modify the election is a 60-day period that includes either the date you become eligible or the day before. If indicated on the Adoption Agreement, you may have additional opportunities during a calendar year to make or modify your salary reduction election.

**1. SIMPLE Retirement Plan and SIMPLE IRA Defined**

A SIMPLE Retirement Plan is a retirement income arrangement established by your employer. Under this SIMPLE Plan, you may choose to defer compensation to your own Individual Retirement Account or Annuity ("IRA"). You may base these "elective deferrals" on a salary reduction basis that, at your election, may be contributed to a SIMPLE IRA or received in cash. This type of plan is available only to an employer with 100 or fewer employees who earned

at least \$5,000 during the prior calendar year. A SIMPLE IRA is a separate IRA plan that you establish with an eligible financial institution for the purpose of receiving contributions under this SIMPLE Retirement Plan. Your employer must provide you with a copy of the SIMPLE agreement containing eligibility requirements and a description of the basis upon which contributions may be made. All amounts contributed to your SIMPLE IRA belong to you, even after you quit working for your employer.



P.O. Box 2526, Waco, TX 76702-2526  
 PHONE: 800-955-3434 (option 2), 254-751-1505 (option 2)  
 FAX: 254-751-0872 / E-MAIL: IRAServices@SterlingTrustCompany.com

## SUMMARY DESCRIPTION FOR NON-DESIGNATED FINANCIAL INSTITUTION (NON-DFI)

### 2. Elective Deferrals — Not Required

You are not required to make elective deferrals under this SIMPLE Retirement Plan. However, if the Employer is matching your elective deferrals, no Employer contribution will be made on your behalf unless you elect to defer under the plan.

### 3. Elective Deferrals — Annual Limitation

The maximum amount that you may defer under this SIMPLE Plan for any calendar year is limited to the lesser of the percentage of your compensation that you select or the following dollar limit, subject to cost-of-living increases.

| Applicable Dollar Limitations |                    |
|-------------------------------|--------------------|
| Tax Year                      | Contribution Limit |
| 2010                          | \$11,500           |
| 2009                          | \$11,500           |
| 2008                          | \$10,500           |

If you attain age 50 or over by the end of a calendar year, you can elect to have your compensation reduced by an additional "catch-up" amount of \$2,500 for 2007-2009. After 2009, the maximum additional amount will be adjusted for cost-of-living increases in multiples of \$500.

If you work for other employers (unrelated to this Employer) who also maintain a salary deferral plan, there is an overall limit on the maximum amount that you may defer in each calendar year to all elective SEPs, cash or deferred arrangements under section 401(k) of the Code, other SIMPLE plans and 403(b) plans regardless of how many employers you may have worked for during the year. This limitation is referred to as the section 402(g) limit. The section 402(g) limit on elective deferrals for 2009 is \$16,500 and is indexed according to the cost of living. If you attain age 50 or over by the end of a calendar year, you can elect to have your compensation reduced by an additional "catch-up" amount of \$2,500 for 2009, subject to cost-of-living adjustments.

If you attain age 50 or over by the end of a calendar year, you can elect to have your compensation reduced by an additional "catch-up" amount of \$2,500 for 2007-2009. After 2009, the maximum additional amount will be adjusted for cost-of-living increases in multiples of \$500.

If you work for other employers (unrelated to this Employer) who also maintain a salary deferral plan, there is an overall limit on the maximum amount that you may defer in each calendar year to all elective SEPs, cash or deferred arrangements under section 401(k) of the Code, other SIMPLE plans and 403(b) plans regardless of how many employers you may have worked for during the year. This limitation is referred to as the section 402(g) limit. The section 402(g) limit on elective deferrals for 2009 is \$16,500 and is indexed according to the cost of living. If you attain age 50 or over by the end of a calendar year, you can elect to have your compensation reduced by an additional "catch-up" amount of \$2,500 for 2009, subject to cost-of-living adjustments.

### 4. Elective Deferrals — Tax Treatment

The amount that you may elect to contribute to your SIMPLE IRA is excludible from gross income, subject to the limitations discussed above, and is not includible as taxable wages on Form W-2. However, these amounts are subject to FICA taxes.

### 5. Elective Deferrals — Excess Amounts Contributed

When "excess elective deferrals" (i.e., amounts in excess of the SIMPLE elective deferral limit ("the applicable annual dollar limitation" described in Section 3 above or the section 402(g) limit) are made, you are responsible for calculating whether you have exceeded these limits in the calendar year. The section 402(g) limit for contributions made to all elective deferral plans is \$16,500 for 2009. Excess elective deferrals are calculated on the basis of the calendar year.

### 6. Excess Elective Deferrals — How to Avoid Adverse Tax Consequences

Excess elective deferrals are includible in your gross income in the calendar year of deferral. Income on the excess elective deferrals is includible in your income in the year of withdrawal from the SIMPLE IRA. You should withdraw excess elective deferrals and any allocatable income, from your SIMPLE IRA by April 15 following the year to which the deferrals relate. These amounts may not be transferred or rolled over tax-free to another SIMPLE IRA. Income on excess elective deferrals is includible in your gross income in the year you withdraw it from your IRA and must be withdrawn by April 15 following the

calendar year to which the deferrals relate. Income withdrawn from the IRA after that date may be subject to a 10% tax (or 25% if withdrawn within the first 2 years of participation) on early distributions.

### 7. Income Allocatable to Excess Amounts

The rules for determining and allocating income attributable to excess elective deferrals and other excess SIMPLE contributions are the same as those governing regular IRA excess contributions. The trustee or custodian of your SIMPLE IRA will inform you of the income allocatable to such excess amounts.

### 8. Availability of Regular IRA Contribution Deduction

In addition to any SIMPLE contribution, you may contribute to a separate IRA the lesser of 100% of compensation or the regular IRA contribution limit to an IRA as a regular IRA contribution. However, the amount that you may deduct is subject to various limitations since you will be considered an "active participant" in an employer-sponsored plan. See Pub. 590, "Individual Retirement Arrangement," for more specific information.

### 9. SIMPLE IRA Amounts — Rollover or Transfer to Another IRA

You may not roll over or transfer from your SIMPLE IRA any SIMPLE contributions (or income on these contributions) made during the plan year to another IRA (other than a SIMPLE IRA) or to an employer plan until the 2 years following the date you first participated in the SIMPLE plan. Also, any distribution made before this time will be includible in your gross income and may also be subject to a 25% additional income tax for early withdrawal. You may, however, remove excess elective deferrals and income allocatable to such excess amounts from your SIMPLE IRA before this time, but you may not roll over or transfer these amounts to another IRA.

After the 2-year restriction described above no longer applies, you may withdraw, or receive, funds from your SIMPLE IRA, and no more than 60 days later, place such funds in another IRA, SIMPLE IRA, qualified plan, 403(b) plan, or 457 plan. This is called a "rollover" and may not be done without penalty more frequently than at one-year intervals, if you are rolling to another SIMPLE IRA or IRA. However, there are no restrictions on the number of times that you may make "transfers" if you arrange to have such funds transferred between the trustees/custodians so that you never have possession of the funds. You may not, however, roll over or transfer excess elective deferrals, and income allocatable to such excess amounts from your SIMPLE IRA to another IRA. These excess amounts may be reduced only by a distribution to you.

### 10. Filing Requirements

You do not need to file any additional forms with the IRS because of your participation in your employer's SIMPLE Plan.

### 11. Employer to Provide Information on SIMPLE IRAs and the SIMPLE Agreement

Your employer must provide you with a copy of the executed SIMPLE agreement, this Summary Description, the form you should use to elect to defer amounts to the SIMPLE, and a statement for each taxable year showing any contribution to your SIMPLE IRA.

### 12. Financial Institution Where IRA is Established to Provide Information

The financial institution must provide you with a disclosure statement that contains information described in section 1.408-6 of the regulations. The Disclosure Statement that is a part of this SIMPLE IRA account documentation must be read in conjunction with this Summary Description for Non-Designated Financial Institutions. The Disclosure Statement contains important information about the SIMPLE plan rules and the contents of such Disclosure Statement are incorporated herein by reference.

See Publication 590, "Individual Retirement Arrangements", which is available at most IRS offices, for a more complete explanation of the disclosure requirements. In addition to the 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 in order to evaluate the investment performance of your SIMPLE IRA and in order that you will know how to report SIMPLE IRA distributions for tax purpose.