

Thank you for your interest in starting a Solo 401(k) Plan with Saturna Trust Company. This decision marks an important milestone for your business, as it demonstrates your commitment to the long-term financial security of your employees.

Although Solo plans require significantly less customization than regular 401(k) plans, it is important to review whether this type of plan is best suited for your business. Questions to consider include: Who will be eligible to join the plan? How will contributions be made to the plan? Do you foresee significant changes to your business in the near future?

To be eligible to benefit from a Solo 401(k) plan, you must meet two eligibility requirements:

1. The presence of self-employment activity
2. The absence of full-time employees

Solo 401(k) plans may also cover your spouse. However, if you have full-time employees age 21 or older (other than your spouse) or part-time employees who work more than 1,000 hours a year, the Solo 401(k) is likely not an option for you.

Establishing a retirement plan for your business involves several steps. The attached checklist is designed to provide Saturna with information required to formally establish your plan, and to outline standard Solo 401(k) plan features.

Completed checklists can be returned to us at the following:

**Fax:** (360) 734-0755

**Email:** [401k@saturna.com](mailto:401k@saturna.com)

Our Employer Services Team is available to assist you and can be reached by calling **(833) STC-401K** (833-782-4015) or emailing **[401k@saturna.com](mailto:401k@saturna.com)**. We look forward to working with you.

Thank you,

Saturna Employer Services

**Note:** The Adoption Agreement is an important legal instrument with legal and tax implications for which Saturna Trust Company cannot assume responsibility. Please consult with your own attorney or legal advisor with regard to adoption of this plan and its suitability for your business.

### A. Basic Employer (Plan Sponsor) Information

**Name of Adopting Employer:**

Full Legal Name

**Street Address:**

City

State

Zip

**Name of Plan Contact:**

**Plan Contact Email:**

**Phone Number:**

**Employer Identification Number:**

**Date Business Started:**

**Employer Fiscal Year End:**

**Phone Number:**

**Fax Number:**

**1. Is this a new plan?**

Yes  No

If yes, the effective date of the new plan is:

If no, the original effective date was:

and the effective date of the amended and restated plan will be:

**Note:** The employer must have been in existence on the first day of the year in order to choose that date as the effective date. If this is a new plan making a profit-sharing contribution during the first plan year, it is recommended that you select the first day of the year in order to use full-year compensation. Otherwise, partial-year compensation will apply when determining the profit-sharing amount.

**2. How often do you plan to contribute:**

Weekly: \_\_\_\_\_ (i.e. 1/1/XX-1/6/XX)

Bi-Weekly: \_\_\_\_\_ (i.e. 1/1/XX-1/14/XX)

Semi-Weekly: \_\_\_\_\_ (i.e. 1/1/XX-1/15/XX)

Monthly: \_\_\_\_\_ (i.e. 1/1/XX-1/31/XX)

Quarterly: \_\_\_\_\_ (i.e. 1/1/XX-3/31/XX)

Annually: \_\_\_\_\_ (i.e. 1/1/XX-12/31/XX)

Other: \_\_\_\_\_

**3. Business Entity:**

C Corporation

S Corporation

Non-Profit

Partnership

Limited Liability Company

Limited Liability Partnership

Sole Proprietorship

**Note:** We recommend that you consult with a tax professional before answering the following questions if you are unsure as to the existence of Related Employers.

**4. Is the Plan Sponsor a member of an affiliated service group?**

Yes  No

If "Yes", please list all the members of the group (other than the Plan Sponsor):

**5. Is the Plan Sponsor a member of a controlled group?**

Yes  No

If "Yes", please list all members of the group (other than Plan Sponsor):

**6. Do you currently employ any individuals other than yourself?**

Yes  No

If "Yes", please provide details:

## Standard Provisions

- Valuation Date means the last day of the Plan Year and any other dates deemed necessary or appropriate by the Administrator, which may include any day that the Trustee, any transfer agent appointed by the Trustee (or Insurer) or the Employer, and any stock exchange used by such agent are open for business (daily valuation).
- The Employer will be the Plan Administrator.
- This Plan shall be governed by the laws of the state or commonwealth where the Employer's (or, in the case of a corporate Trustee or Insurer, such Trustee's or Insurer's) principal place of business is located.
- All Employees, except union employees and non-resident aliens (both as defined in Plan Section 1.28), are eligible to participate for all purposes of the Plan.
- To the extent applicable, the Hours of Service method shall be used to compute eligibility for Employees based on actual hours for which an Employee is paid or entitled to payment. "Year of Service" means the computation period of twelve (12) consecutive months during which an Employee has completed at least 1,000 Hours of Service. Employees whose records of actual Hours of Service are not maintained or available (e.g., salaried employees) will be credited with one hundred ninety (190) Hours of Service for each month they would be credited with at least one (1) Hour of Service during the month. The eligibility computation period after the initial eligibility computation period shall shift to the Plan Year. The vesting computation period shall be the Plan Year.
- Normal Retirement Date means the Anniversary Date coinciding with or next following a Participant's Normal Retirement Age.
- Normal Retirement Age ("NRA") means the date a Participant attains age 65 (not to exceed 65 and, if this Plan includes transferred pension assets, may not be less than age 62 unless the Employer has evidence that the representative typical retirement age for the adopting Employer's industry is a lower age, but no less than age 55).
- There are no early retirement provisions.
- Each Participant may elect to have Compensation deferred by up to the maximum amount allowed by law. Participants may make Catch-Up Contributions and Roth Elective Deferrals.
- Compensation with respect to any Participant means wages, tips and other compensation on Form W-2 and shall be based on the Plan Year. Compensation for any Self-Employed Individual, however, shall be equal to Earned Income.
- Compensation shall be adjusted by (a) including compensation not currently includible in the Participant gross income by reason of the application of Code §§ 401(k), 125 (cafeteria plan), 132(f)(4) (qualified transportation fringe), 402(h)(1)(B) (simplified employee pension plan), 414(h)(2) (employer pickup contributions under a governmental plan), 403(b) (tax sheltered annuity) or 457(b) (eligible deferred compensation plan); (b) excluding reimbursements or other expense allowances, fringe benefits (cash or non-cash), moving expenses, deferred compensation (other than deferrals specified in (a) above) and welfare benefits; and (c) excluding Compensation paid during the determination period while not a Participant in the Plan. Military Differential Pay will be treated, for Plan Years beginning after December 31, 2008, as Compensation for all Plan benefit purposes. 415 Compensation and Plan Compensation will include (to the extent provided in Plan Section 1.40), post severance regular pay, leave cash outs and payments from nonqualified unfunded deferred compensation plans.

## Standard Provisions (continued)

- The Employer may make matching contributions equal to a discretionary percentage to be determined by the Employer, of the Participants' Elective Deferrals (including, if permitted under the Plan, Roth Elective Deferrals and/or Catch-up Contributions). In applying the matching contribution, only Elective Deferrals up to a discretionary percentage of a Participant's Compensation or a discretionary dollar amount, the percentage or dollar amount to be determined by the Employer on a uniform basis to all Participants, will be taken into account. This matching contribution shall be made on a payroll period basis to any Participant who is employed on the last day of the Plan Year or who terminates with at least 500 Hours of Service.
- The Employer may make a discretionary profit sharing contribution for a Plan Year, the amount to be determined in the discretion of the Employer and allocated in the same ratio as each Participant's Compensation bears to the total of such Compensation of all Participants eligible to share in the allocations for the Plan Year. A Participant is eligible to share in the contribution for the Plan Year if the Participant is employed on the last day of the Plan Year or terminates employment with at least 500 Hours of Service during the Plan Year.
- Distributions will be made as soon as administratively feasible following termination of employment in lump-sums only. Partial withdrawals or installments are only permitted for required minimum distributions under Code §401(a)(9). No annuities will be allowed. All distributions will be in cash or property that is specifically allocated and identifiable with respect to a Participant.
- Distributions upon the death of a Participant prior to receiving any benefits shall be made pursuant to the election of the Participant or Beneficiary.
- No involuntary distributions shall be made.
- Hardship distributions are allowed.
- In-service distributions are allowed at age 59 1/2 from all Accounts.
- In-Plan Roth rollover contributions are allowed.
- Loans are permitted from all Accounts, in accordance with the terms of the Participant loan program.
- The Participants shall direct the Trustee with respect to the investments of all Accounts.
- Rollovers may be accepted from all Eligible Employees. Distributions from a Participant's Rollover Account may be made at any time.
- Required minimum distributions shall be made at the later of age 70 1/2 or retirement, except for 5% owners.