

**ADOPTION AGREEMENT #004**  
**STANDARDIZED 401(K)/PROFIT SHARING PLAN**

The undersigned adopting employer hereby adopts this Plan and its related Trust. The Plan and Trust are intended to qualify as a tax-exempt profit-sharing plan and trust under Code sections 401(a) and 501(a), respectively, and the cash-or-deferred arrangement forming part of the Plan is intended to qualify under Code section 401(k). The Plan is also intended to qualify as a "standardized plan" and a "paired plan" as defined in Rev. Proc. 2000-20. The Plan shall consist of this Adoption Agreement, its related Basic Plan Document and any related Addendum to the Adoption Agreement. Unless otherwise indicated, all Section references are to Sections in the Basic Plan Document.

**COMPANY INFORMATION**

1. Name of adopting employer (Plan Sponsor): \_\_\_\_\_
2. Address \_\_\_\_\_
3. City: \_\_\_\_\_ 4. State: \_\_\_\_\_ 5. Zip: \_\_\_\_\_
6. Phone number: \_\_\_\_\_ 7. Fax number: \_\_\_\_\_
8. Plan Sponsor EIN: \_\_\_\_\_
9. Plan Sponsor fiscal year end: \_\_\_\_\_
- 10a. Plan Sponsor entity type:
  - i. ☐ C Corporation
  - ii. ☐ S Corporation
  - iii. ☐ Partnership
  - iv. ☐ Limited Liability Company
  - v. ☐ Limited Liability Partnership
  - vi. ☐ Sole Proprietorship
  - vii. ☐ Union
- 10b. If 10a.vi (Union) is selected, enter name of the representative of the parties who established or maintain the Plan: \_\_\_\_\_
11. State of organization of Plan Sponsor: \_\_\_\_\_
- 12a. The Plan Sponsor is a member of an affiliated service group:  
☐ Yes ☐ No
- 12b. If 12a is "Yes", list all members of the group (other than the Plan Sponsor): \_\_\_\_\_
- 13a. The Plan Sponsor is a member of a controlled group:  
☐ Yes ☐ No
- 13b. If 13a is "Yes", list all members of the group (other than the Plan Sponsor): \_\_\_\_\_

**PLAN INFORMATION**

**A. GENERAL INFORMATION**

1. **Plan Number:** \_\_\_\_\_
2. **Plan name:**
  - a. \_\_\_\_\_
  - b. \_\_\_\_\_
3. **Effective Date:**
- 3a. Original effective date of Plan: \_\_\_\_\_
- 3b. Is this a restatement of a previously-adopted plan?  
☐ Yes ☐ No
- 3c. If A.3b is "Yes", effective date of Plan restatement: \_\_\_\_\_  
**NOTE:** If A.3b is "No", the Effective Date shall be the date specified in A.3a, otherwise the date specified in A.3c; provided, however, that when a provision of the Plan states another effective date, such stated specific effective date shall apply as to that provision.
4. **Plan Year** means each 12-consecutive month period ending on \_\_\_\_\_ (e.g. December 31). If the Plan Year changes, any special provisions regarding a short Plan Year should be placed in the Addendum to the Adoption Agreement.

**Plan Features**

- NOTE:** If the Plan is a profit sharing plan only with no Elective Deferrals, check A.10 and A.11 "No" and A.12 "Yes".
10. **Elective Deferrals.** Elective Deferrals are permitted (Section 4.01) (If "No", questions regarding Elective Deferrals are disregarded and no Matching Contributions shall be permitted - A.11 shall be deemed to be "No".):  
☐ Yes ☐ No
  11. **Matching Contributions.** Matching Contributions are permitted (Section 4.02) (If "No", questions regarding Matching Contributions are disregarded.):  
☐ Yes ☐ No

12. **Profit Sharing Contributions.** Profit Sharing Contributions are permitted. (Section 4.03) (If "No", questions regarding Profit Sharing Contributions are disregarded.):  
[ ] Yes [ ] No

#### Compensation

13. Definition of Compensation:
- [ ] **W-2.** 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 or business) for which the Employer is required to furnish the Employee a written statement under Code sections 6041(d), 6051(a)(3), and 6052.
  - [ ] **Withholding.** Wages within the meaning of Code section 3401(a) for the purposes of income tax withholding at the source.

#### B. ELIGIBILITY

##### Exclusions

The term "Eligible Employee" shall not include (Check items **B.1** and/or **B.2** as appropriate):

- [ ] **Union.** Any Employee who is included in a unit of Employees covered by a collective bargaining agreement, if retirement benefits were the subject of good faith bargaining, and if the collective bargaining agreement does not provide for participation in this Plan.
- [ ] **Non-Resident Alien.** Any Employee who is a non-resident alien who received no earned income (within the meaning of Code section 911(d)(2)) which constitutes income from services performed within the United States (within the meaning of Code section 861(a)(3)).

##### Eligibility for Contributions

An Eligible Employee shall be eligible for the contributions specified in **A.10** through **A.12** at the time specified in **B.5** upon meeting the requirements of **B.3** and **B.4** (Section 3.01-3.03):

- Minimum age requirement: \_\_\_\_\_ (21 maximum - leave blank or enter "0" if none)
- Minimum service requirement is the completion of \_\_\_\_\_ Year(s) of Eligibility Service (leave blank or enter "0" if none - Cannot exceed 1 year, unless the Plan provides a nonforfeitable right to 100% of the Participant's account balance after not more than 2 years of service, in which case up to 2 years is permitted. However, if greater than one year, the requirement for Elective Deferrals shall be deemed to be one Year of Eligibility Service).
- 5a. Frequency of entry dates:
  - [ ] An Eligible Employee shall become a Participant eligible to participate in the Plan immediately upon meeting the requirements of **B.3** and **B.4**.
  - [ ] first day of each calendar month
  - [ ] first day of each plan quarter
  - [ ] first day of the first month and seventh month of the Plan Year
- 5b. If **B.5a.i** (immediate entry) is not selected, an Eligible Employee shall become a Participant on the entry date selected in **B.5a** that is coincident with or next following the date the requirements of **B.3** and **B.4** are met.
6. Enter the number of Hours of Service necessary for Year of Eligibility Service: \_\_\_\_\_ (Not more than 1,000. If left blank, the Plan will use 1,000 Hours of Service.)

#### C. CONTRIBUTIONS

##### Elective Deferrals

**NOTE:** If **A.10** is "Yes" (Elective Deferrals are permitted), an Eligible Employee who has met the requirements of **B.3** through **B.5** shall be eligible to make Elective Deferrals to the Plan as follows (Section 4.01):

- 1a. Minimum Elective Deferral contribution: \_\_\_\_\_ % of Compensation (leave blank or enter "0" if none)
- 1b. Maximum Elective Deferral contribution: \_\_\_\_\_ % of Compensation (Not more than 100%. If left blank, the maximum will be 100%)
2. Actual Contribution Percentages and Actual Deferral Percentages of Nonhighly Compensated Employees are determined using:
  - [ ] Current year
  - [ ] Prior year
3. Allow Participants to make EGTRRA catch-up contributions effective January 1, 2002 (Section 5.01(d) as amended by the EGTRRA Addendum to the Basic Plan Document):  
[ ] Yes [ ] No

## Annual Service Requirements for Matching Contributions/Profit Sharing Contributions

- 4a.** If **A.11** is "Yes" (Matching Contributions are permitted) or **A.12** is "Yes" (Profit Sharing Contributions are permitted), an Eligible Employee who has met the requirements of **B.3** through **B.5** and who either: (i) completes the number of Hours of Service during the applicable Plan Year specified in **C.4b**, or (ii) is employed by the Company on the last day of the applicable Plan Year shall be eligible to receive an allocation of Profit Sharing/Matching Contributions, as applicable, during such Plan Year.
- 4b.** Hours of Service required in the applicable Plan Year for a Participant to receive an allocation of Profit Sharing Contributions/Matching Contributions: \_\_\_\_\_ (Not more than 501. If left blank, the Plan will use 501 Hours of Service.)

### Matching - Formula

- 5.** Matching Contribution formula. The Company's Matching Contribution shall be allocated to eligible Participants who have met the requirements of **B.3** through **B.5** and **C.4** as follows (Section 4.02):
- i.** ☐ An amount determined by the Board
  - ii.** ☐ Single rate
  - iii.** ☐ Two rates
- 6.** If **C.5** is "Single rate" or "Two rates", the Company will contribute as a Matching Contribution an amount equal to **a.** \_\_\_\_\_% of the Participant's Elective Deferrals that are not in excess of **b.** \_\_\_\_\_% of the Participant's Compensation; **PLUS** (Only if **C.5** is "Two rates")
- c.** \_\_\_\_\_% of the amount of the Participant's Elective Deferrals that exceed the amount described in **C.6b** of the Participant's Compensation but that do not exceed **d.** \_\_\_\_\_% of the Participant's Compensation.

### Profit Sharing - Formula

- 7.** Profit Sharing allocation formula. The Company's Profit Sharing Contribution shall be allocated to eligible Participants who have met the requirements of **B.3** through **B.5** and **C.4** as follows (Section 4.03):
- ☐ **i. Pro rata.** In the ratio that each Participant's Compensation bears to the Compensation of all eligible Participants.
- ☐ **ii. Integrated.** Pursuant to either Paragraph (1) or (2) below:
- (1) For any Plan Year the Plan is not required to provide top heavy minimum allocations pursuant to Article 11, Profit Sharing Contributions shall be allocated as follows:
- (A) Profit-Sharing Contributions first be allocated to each Participant's Profit Sharing Account in the ratio that the sum of such Participant's total Compensation plus his Excess Compensation bears to the sum of all eligible Participants' total Compensation plus Excess Compensation, but not to exceed 5.7% of such sum; and
  - (B) The balance, if any, remaining after the allocation in subparagraph (A) shall then be allocated to each Participant's Profit Sharing Account in the ratio that such Participant's total Compensation bears to all eligible Participants' total Compensation.
- (2) For any Plan Year the Plan is required to provide top heavy minimum allocations pursuant to Article 11, Profit Sharing Contributions shall be allocated as follows:
- (A) Profit Sharing Contributions shall first be allocated to each Participant's Profit Sharing Contribution Account in the ratio that each Participant's total Compensation bears to all eligible Participants' total Compensation, but not in excess of 3% of each Participant's Compensation.
  - (B) The balance, if any, remaining after the allocation in subparagraph (A) shall then be allocated to each Participant's Profit Sharing Account in the ratio that each Participant's Excess Compensation bears to the Excess Compensation of all Participants, but not in excess of 3% of each Participant's Excess Compensation.
  - (C) The balance, if any, remaining after the allocation in subparagraph (B) shall then be allocated to each Participant's Profit Sharing Account in the ratio that the sum of each Participant's total Compensation and Excess Compensation bears to the sum of all eligible Participants' total Compensation and Excess Compensation, but not in excess of 2.7%.
  - (D) The balance, if any, remaining after the allocation in subparagraph (C) shall be allocated to each Participant's Profit Sharing Account in the ratio that each Participant's total Compensation bears to all Participants' total Compensation.

### Rollovers

- 8.** Rollover Contributions are permitted (Section 4.05):
- i.** ☐ No
  - ii.** ☐ Yes - All Eligible Employees may make a Rollover Contribution even if not yet a Participant in the Plan
- If **C.8.ii** is checked, Rollover Contributions made after December 31, 2001 are permitted from all qualified plans and tax favored vehicles allowed under Code section 402 (Section 4.05(b) as amended by the EGTRRA Addendum to the Basic Plan Document)

## 415 Corrections

9. Corrections to Code section 415 violations made to another plan (Section 5.04):

☐ Yes ☐ No

10. If **C.9** is "Yes", name of plan in which 415 corrections will be made: \_\_\_\_\_

### **D. VESTING**

1. Enter the number of Hours of Service necessary for a Year of Vesting Service: \_\_\_\_\_ (Not more than 1,000. If left blank, the Plan will use 1,000 Hours of Service.)
2. Matching Contribution Account and Profit Sharing Contribution Account Vesting Schedule:  
☐ 100% ☐ 3-7 Year Graded ☐ 2-6 Year Graded ☐ 1-5 Year Graded ☐ 1-4 Year Graded ☐ 5 Year Cliff ☐ 3 Year Cliff ☐ 2 Year Cliff
3. EGTRRA Matching Contribution Account Vesting Schedule:  
☐ 100% ☐ 2-6 Year Graded ☐ 1-5 Year Graded ☐ 1-4 Year Graded ☐ 3 Year Cliff ☐ 2 Year Cliff

### **E. DISTRIBUTIONS**

1. Normal Retirement Age means the attainment of age (not to exceed 65): \_\_\_\_\_.
2. Distributions from the Plan after Termination for reasons other than death may be made in the following forms (Section 7.02):
- i. ☐ Lump sum only
  - ii. ☐ Lump sum payment or substantially equal annual, or more frequent installments over a period not to exceed the joint life expectancy of the Participant and his Beneficiary
  - iii. ☐ Under a continuous right of withdrawal pursuant to which a Participant may withdraw such amounts at such times as he shall elect.
3. Permit distributions in the form of an annuity:  
☐ Yes ☐ No  
If **E.3** is "Yes", a Participant may elect to have the Plan Administrator apply his entire Account toward the purchase of an annuity contract, which shall be distributed to the Participant. The terms of such annuity contract shall comply with the provisions of this Plan and any annuity contract shall be nontransferable.

### **Required Beginning Date**

4. Required Beginning Date for a Participant other than a More Than 5% Owner shall be April 1 of the calendar year following the later of the calendar year in which the Participant: (x) attains age 70-1/2, or (y) retires.
5. It is necessary to provide an effective date for the definition specified in **E.4**:  
☐ Yes ☐ No  
**NOTE:** If **E.5** is "No", the effective date of the definition in **E.4** is the Effective Date of the Plan specified in **A.3**.
6. If **E.5** is "Yes", enter effective date of the new definition: \_\_\_\_\_

### **New 401(a)(9) Regulations**

- 7a. Effective date of adoption of final 401(a)(9) regulations (Section 7.11 as added by the Minimum Distribution Addendum to the Basic Plan Document):
- i. ☐ **2002**. During the 2002 calendar year
  - ii. ☐ **2003**. Beginning with the 2003 calendar year
- 7b. If **E.7a.i** is selected, enter effective date of adoption of final 401(a)(9) regulations in 2002: \_\_\_\_\_

### **F. IN SERVICE WITHDRAWALS & LOANS**

1. **Hardship.** Hardship withdrawals are allowed from a Participant's Elective Deferral Account (excluding earnings on his Elective Deferral Account credited after the later of December 31, 1988, and the end of the last Plan Year ending before July 1, 1989) (Section 8.01):  
☐ Yes ☐ No
2. **Specified Age.** In-service withdrawals are allowed on attainment of age \_\_\_\_\_ (must be on or after 59-1/2) from all of a Participant's Accounts that are fully vested (Section 8.02):  
☐ Yes ☐ No
- 3a. **Loans.** Loans are permitted (Section 8.06) (If "No", questions regarding loans are disregarded.):  
☐ Yes ☐ No
- 3b. Minimum loan amount: \$ \_\_\_\_\_ (Not greater than \$1,000. Leave blank or enter "0" if none.)
- 3c. Maximum number of loans outstanding: \_\_\_\_\_ (If blank, the maximum number of loans is one.)
- 3d. A Participant must obtain the consent of his or her spouse, if any, to use the Account balance as security for a loan:  
☐ Yes ☐ No  
**NOTE:** "Yes" is automatically selected if the Plan has received a transfer of assets from a plan subject to the survivor annuity rules of Code sections 411(a)(11) and 417 or **E.3** (distributions allowed in the form of an annuity) is "Yes".

**G. PLAN OPERATIONS**

- 1a. Participant Self Direction.** Specify whether the Plan permits Participant self direction and indicate the Plan's intent to comply with ERISA section 404(c) (Section 9.02):
- i. ☐ Yes with 404(c)
  - ii. ☐ Yes w/o 404(c)
  - iii. ☐ None
- 1b.** If **G.1a.iii** (None) is not selected, Participants may also establish individual brokerage accounts:  
☐ Yes ☐ No
- 2.** Enter Valuation Date (if **G.1a.i** (Yes with 404(c)) is selected, then Valuation Date must be at least quarterly)
- i. ☐ Last day of Plan Year
  - ii. ☐ Last day of each Plan quarter
  - iii. ☐ Last day of each month
  - iv. ☐ Each business day
- 3.** Trustee Type
- i. ☐ Corporate
  - ii. ☐ Individual
- 4.** If **G.3.i** (Corporate) is selected, enter Trustee address: \_\_\_\_\_
- 5.** Name of Trustee: \_\_\_\_\_

**H. TOP HEAVY**

**Top Heavy Plans**

- 1.** Plan to which Top-Heavy allocations are made:
- i. ☐ This Plan
  - ii. ☐ Pursuant to the terms of another plan
- 2.** If **H.1.ii** (another plan) is selected, name of other Plan to which Top-Heavy allocations are made: \_\_\_\_\_
- 3.** If **H.1.i** (This Plan) is selected, type of other plan maintained by the Company that covers employees eligible to participate in this Plan:
- i. ☐ N/A - No other plan
  - ii. ☐ Defined Contribution
  - iii. ☐ Defined Benefit

**Top Heavy Allocations**

- 4.** If **H.1.i** (This Plan) is selected, Participants who share in Top-Heavy minimum allocations:
- i. ☐ **Non-Key only.** Any Participant who is employed by the Employer on the last day of the Plan Year and is not a Key Employee.
  - ii. ☐ **All Participants.** Any Participant who is employed by the Employer on the last day of the Plan Year.

**Top Heavy Vesting**

- 5.** Top-Heavy vesting schedule:  
☐ 100% ☐ 2-6 Year Graded ☐ 3 Year Cliff

**Present Value Assumptions**

- 6a.** Enter the interest rate to be used for determining Present Value to compute the top-heavy ratio: \_\_\_\_\_%
- 6b.** Enter the mortality table to be used for determining Present Value to compute the top-heavy ratio: \_\_\_\_\_
- NOTE: H.6** should only be completed if the Employer also sponsors a defined benefit plan.

**NOTE:** The Plan Sponsor should add an Addendum to the Adoption Agreement to add any language that is necessary to satisfy Code sections 415 and 416.

**I. MISCELLANEOUS**

Failure to properly fill out the Adoption Agreement may result in disqualification of the Plan. This Adoption Agreement #004 may be used only in conjunction with basic plan document #01.

The Prototype Plan Sponsor, Fort William LLC, will inform the adopting employer of any amendments made to the Prototype Plan or of the discontinuance or abandonment of the Prototype Plan. The Prototype Plan Sponsor may be contacted at 306 N. Milwaukee St., Suite 300, Milwaukee, WI, 53202 (414) 226-2442.

The Plan Sponsor may rely on an opinion letter issued by the Internal Revenue Service as evidence that the Plan is qualified under Code section 401 except to the extent provided in Rev. Proc. 2000-20, 2000-6 I.R.B. 553 and Announcement 2001-77, 2001-30 I.R.B. An employer who has ever maintained or who later adopts any plan (including a welfare benefit fund, as defined in Code section 419(e), which provides post-retirement medical benefits allocated to separate accounts for key employees, as defined in Code section 419A(d)(3), or an individual medical account, as defined in Code section 415(l)(2)) in addition to this Plan may not rely on the opinion letter issued by the Internal Revenue Service with respect to the requirements of Code sections 415 and 416. If the employer who adopts or maintains multiple plans wishes to obtain reliance with respect to the requirements of Code sections 415 and 416, application for a determination letter must be made to Employee Plans Determinations of the Internal Revenue Service. The employer may not rely on the opinion letter in certain other circumstances, which are specified in the opinion letter issued with respect to the Plan or in Revenue Procedure 2000-20 and Announcement 2001-77.

**J.      EXECUTION PAGE**

The undersigned agree to be bound by the terms of this Adoption Agreement and Basic Plan Document and acknowledge receipt of same. The parties have caused this Plan to be executed this \_\_\_\_ day of \_\_\_\_\_, 200 \_\_\_\_.

PLAN SPONSOR (COMPANY):

\_\_\_\_\_

TRUSTEE:

\_\_\_\_\_