

Qualified Retirement Plan In-Plan Roth Rollover Amendment Kit

**For use with Ascensus'
Individual 401(k) Profit Sharing Plans**

INSTRUCTIONS

- Complete and sign the Ascensus In-Plan Roth Rollover Adoption Agreement Amendment and file it with your other qualified plan documents.
- Review the Ascensus In-Plan Roth Rollover Basic Plan Document Amendment and file it with your other qualified plan documents.
- Complete the Ascensus In-Plan Roth Rollover Summary of Material Modifications and provide each participant and beneficiary of a deceased participant with a copy. Retain it with your other qualified plan documents and provide a copy, along with a copy of the summary plan description, to new employees as they become eligible to participate in the Plan.

In-Plan Roth Rollover Adoption Agreement Amendment

This amendment of the Plan (hereinafter referred to as “the Amendment”) is comprised of this In-Plan Roth Rollover Adoption Agreement Amendment (the “Adoption Agreement Amendment”) and the corresponding Basic Plan Document Amendment. The Amendment is adopted to reflect the in-plan Roth rollover provisions of the Small Business Jobs Act of 2010 (“SBJA”) and the American Taxpayer Relief Act of 2012 (“ATRA”). The Amendment is intended to provide good faith compliance with SBJA, ATRA and related guidance until the Plan is formally restated to incorporate such guidance. The Amendment is effective as specified in this Adoption Agreement Amendment. The Amendment supersedes the existing provisions of the Plan to the extent that those provisions are inconsistent with the provisions of the Amendment. The Amendment will not cause the Plan to become an individually designed plan.

EMPLOYER INFORMATION

Name of Plan _____
Plan Sequence Number _____ Trust Identification Number (if applicable) _____ Account Number _____
Effective Date _____

CONTRIBUTIONS *Complete Parts A thru C*

Part A. In-Plan Roth Rollover

Availability of In-Plan Roth Rollover. Will a Recipient be entitled to request In-Plan Roth Rollovers (*select one*)?

Option 1: ☐ Yes.

Option 2: ☐ No.

NOTE: Option 1 may only be selected if the Plan permits the contribution of Roth Elective Deferrals. If no option is selected, Option 2 will apply. If Option 2 is selected skip the rest of this Contributions section.

Part B. Direct In-Plan Roth Rollover

1. Availability of Direct In-Plan Roth Rollover. Will a Recipient be entitled to request a Direct In-Plan Roth Rollover (*select one*)?

Option 1: ☐ Yes.

Option 2: ☐ No.

NOTE: If no option is selected, Option 2 will apply. If Option 2 is selected, skip the rest of this Part B.

a. Loans

May an outstanding loan amount be included in a Direct In-Plan Roth Rollover (*select one*)?

Option 1: ☐ Yes.

Option 2: ☐ No.

NOTE: If no option is selected, Option 2 will apply.

Part C. Indirect In-Plan Roth Rollover

Will the Plan accept Indirect In-Plan Roth Rollovers (*select one*)?

Option 1: ☐ Yes.

Option 2: ☐ No.

NOTE: Option 1 may only be selected if the Plan permits the contribution and rollover in of Roth Elective Deferrals. If no option is selected, Option 2 will apply.

EMPLOYER SIGNATURE

Signature of Employer

1. I acknowledge that I have relied upon my own advisers regarding the completion of the Amendment and the legal and tax implications of amending this Plan;
2. I understand that my failure to properly complete the Amendment may result in disqualification of the Plan; and
3. I have received a copy of the Amendment.

Type Name _____ Title _____

Signature of Adopting Employer _____ Date Signed _____

In-Plan Roth Rollover

Basic Plan Document Amendment

This amendment of the Plan (hereinafter referred to as “the Amendment”) is comprised of this In-Plan Roth Rollover Basic Plan Document Amendment (the “Basic Plan Document Amendment”) and the corresponding Adoption Agreement Amendment. The Amendment is adopted to reflect the In-Plan Roth Rollover provisions of the Small Business Jobs Act of 2010 (“SBJA”) and the American Taxpayer Relief Act of 2012 (“ATRA”). The Amendment is intended to provide good faith compliance with SBJA, ATRA, and related guidance until the Plan is formally restated to incorporate such guidance. The Amendment is effective as specified in the Adoption Agreement Amendment. The Amendment supersedes the existing provisions of the Plan to the extent that those provisions are inconsistent with the provisions of the Amendment. The Amendment will not cause the Plan to become an individually designed plan.

DEFINITIONS

DIRECT IN-PLAN ROTH ROLLOVER

Direct In-Plan Roth Rollover is added to the Plan as a new defined term with the following definition:

Means a Direct Rollover of all or a portion of a Recipient’s Individual Account (other than Roth Elective Deferrals or Roth rollover contributions) to a Roth rollover account established for the Recipient.

INDIRECT ROLLOVER

The Plan’s definition of Indirect Rollover is modified by replacing it with the following:

Means a rollover contribution received by this Plan from an Employee that previously received a distribution from this Plan or another plan rather than having such amount directly rolled over to this Plan from the distributing plan.

INDIRECT IN-PLAN ROTH ROLLOVER

Indirect In-Plan Roth Rollover is added to the Plan as a new defined term with the following definition:

Means an Indirect Rollover of an Eligible Rollover Distribution from a Recipient’s Individual Account (other than from Roth Elective Deferrals or Roth rollover contributions) to a Roth rollover account established for the Recipient.

IN-PLAN ROTH ROLLOVER

In-Plan Roth Rollover is added to the Plan as a new defined term with the following definition:

Means any contribution made either as a Direct In-Plan Roth Rollover or an Indirect In-Plan Roth Rollover.

CONTRIBUTIONS

The Basic Plan Document section titled Contributions is modified by adding the following to the end:

IN-PLAN ROTH ROLLOVERS

- A. Eligibility** – If elected by the Adopting Employer in the Adoption Agreement Amendment, Recipients may complete an unlimited number of Direct In-Plan Roth Rollovers of all non-Roth contributions.

If elected by the Adopting Employer in the Adoption Agreement Amendment, Recipients may complete Indirect In-Plan Roth Rollovers for any Eligible Rollover Distribution from the Plan.

- B. Separate Accounting** – Contributions and withdrawals of In-Plan Roth Rollover contributions will be credited and debited to an In-Plan Roth Rollover account maintained for each Participant. The Plan will maintain a record of the amount of In-Plan Roth Rollover contributions in each Participant’s Individual Account. Gains, losses, and other credits or charges must be separately allocated on a reasonable and consistent basis to each Participant’s In-Plan Roth Rollover account and the Participant’s other accounts under the Plan.

No contributions other than In-Plan Roth Rollover contributions and properly attributable earnings will be credited to each Participant’s In-Plan Roth Rollover account.

- C. Distributable Events** – A Recipient may complete a Direct In-Plan Roth Rollover at any time.

If a Recipient completes a Direct In-Plan Roth Rollover of an amount that is eligible for distribution under the Code and/or Treasury Regulations, the Plan Administrator, in a uniform and nondiscriminatory manner and as allowed under the Code and rules promulgated by the IRS, may establish operational procedures allowing a Recipient to elect to gross-up their distribution for voluntary tax withholding purposes.

Except for amounts withheld pursuant to a voluntary withholding election by the Recipient, Direct In-Plan Roth Rollovers will not be considered distributions from the Plan for the purposes of Code sections 72(p), 401(a)(11), 411(d)(6)(B)(ii) or other Code sections pursuant to rules promulgated by the IRS.

- D. Loans** – If elected by the Adopting Employer in the Adoption Agreement Amendment, a Recipient may include any outstanding loan amount attributable to an eligible account in a Direct In-Plan Roth Rollover. Loan amounts included in a Direct In-Plan Roth Rollover will continue to be subject to the Plan’s loan rules and the Plan’s loan policy. In addition, the terms of the Loan must remain the same following the Direct In-Plan Roth Rollover.

If the Participant’s Individual Account contains In-Plan Roth Rollover contributions, the specific rules governing the loan program may also designate the extent to which In-Plan Roth Rollover contributions will 1) be used to calculate the maximum amount available for a loan, or 2) be available as a source from which loan proceeds may be taken or which may be used as security for a loan. To the extent permitted by law and related regulations, the rules established by the Plan Administrator may specify the ordering rules to be applied in the event of a defaulted loan.

DISTRIBUTIONS AND LOANS TO PARTICIPANTS

The Basic Plan Document section titled Distributions and Loans to Participants is modified by adding the following to the end:

IN-PLAN ROTH ROLLOVERS

- A. Withdrawals** – Direct In-Plan Roth Rollover contributions and earnings thereon will be distributable at such time the Participant satisfies the distribution eligibility requirements of the contribution source to which the rollover is attributable. Direct In-Plan Roth Rollover contributions and earnings thereon cannot be distributed before the asset source to which the rollover is attributable can be distributed under the Code and/or Treasury Regulations.

Indirect In-Plan Roth Rollover contributions and earnings thereon will be distributable upon the Participant satisfying the distribution eligibility requirements specified in the Plan for rollover contributions.

In-Plan Roth Rollover

Summary of Material Modifications

Name of Plan _____

Name of Adopting Employer _____

Plan Sequence Number _____ Plan Year End _____

Effective Date _____

The purpose of this document is to update your Summary Plan Description (SPD). This document is very important and should be kept with your SPD. If any provisions in this Summary of Material Modifications (SMM) conflict with your SPD, the terms of this SMM will apply. To the extent addressed below, your SPD is amended to read as follows.

CONTRIBUTIONS AND VESTING

Q1. Will I be able to request an in-Plan Roth rollover?

- ☐ Yes.
☐ No.

Q2. Will I be able to directly rollover my non-Roth accounts to a Roth rollover account in the Plan?

- ☐ Yes.
☐ No.

If "Yes" is selected above, you will be able to directly rollover your non-Roth accounts to a Roth rollover account in the Plan. You will not receive an actual distribution of the rollover monies; they will stay in the Plan. The taxable amount that you rollover will be included in your income in the year that the rollover occurs. The benefit of rolling over to an in-Plan Roth rollover account comes when you take a payout from the Plan—when both the original contributions and your earnings on those contributions are paid tax free if you meet certain requirements for a qualified payout. (For more information regarding qualified payouts from in-Plan Roth rollover contributions, please refer to the DISTRIBUTIONS AND LOANS section of the SPD.)

Q3. Will I be able to include an outstanding loan amount in my direct in-Plan Roth rollover?

- ☐ Yes ☐ No

If "Yes" is selected and you have an outstanding loan balance, you may include the portion of your loan which is attributable to an account that is eligible for a direct in-Plan Roth rollover. The amount of the loan from pre-tax accounts that is included in a direct in-Plan Roth rollover will be included in taxable income in the year the transaction occurs. The terms of your Plan loan will not change and you will still be required to repay the loan.

Q4. Will I be able to indirectly rollover my pre-tax accounts to a Roth rollover account in the Plan?

- ☐ Yes ☐ No

If "Yes" is selected, you will be able to indirectly rollover distributions of your pre-tax accounts taken from the Plan to a Roth rollover account in the Plan. The indirect rollover must take place within 60 days of when you receive the distribution from the Plan. The benefit of rolling over to an in-Plan Roth rollover account comes when you take a payout from the Plan—when both the original contributions and your earnings on those contributions are paid tax free if you meet certain requirements for a qualified payout. (For more information regarding qualified payouts from in-Plan Roth rollover contributions, please refer to the DISTRIBUTIONS AND LOANS section of the SPD.)

Q5. What is the maximum number of in-Plan Roth rollovers I may make?

You may complete an unlimited number of in-Plan Roth rollovers.

DISTRIBUTIONS AND LOANS

Q1. When can I withdraw my in-Plan Roth rollover contributions?

You may take a distribution of your direct in-Plan Roth rollover contributions when you can take a distribution from the account from which the direct in-Plan Roth rollover originated. For example, direct in-Plan Roth rollovers from your Matching Contribution account will be available for distribution when Matching Contributions are available for distribution. Please see the DISTRIBUTIONS AND LOANS section of the SPD for further information on when the original sources of the contributions are distributable.

You may take a distribution from your indirect in-Plan Roth rollover contributions when you can take a distribution of your rollover contributions. Please see the DISTRIBUTIONS AND LOANS section of the SPD for further information on when rollover contributions are distributable.

If you take a distribution of your in-Plan Roth rollover contributions attributable to pre-tax accounts prior to the year containing the fifth anniversary of the day you completed the in-Plan Roth rollover, you will owe a 10% early withdrawal penalty unless you meet the requirements for a penalty exemption. Please see your Plan Administrator for further information about the penalty exemptions.