



# SARSEP Plan Sponsor Guide

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### 2 | **Online Group Investments (OGI) Contributions Agreement**

Improve the efficiency of submitting investments and participant allocations by using our Online Group Investments (OGI) website.

- Designate the contacts who will have access to the OGI website. User IDs will be created for each designated contact. A separate user ID will be provided for the third-party remitter, if requested.
- An email providing the OGI website address, a user ID and instructions for signing on will be sent to each contact after we receive this form and the completed Adoption Agreement. After signing on to the OGI website, the contacts will have access to all the tools they need to submit contributions and maintain plan information.

### 4 | **SARSEP Adoption Agreement**

This form is required to move a SARSEP plan from the current custodian to Capital Bank and Trust Company (CB&T) as the new custodian. A SARSEP plan that has previously been established but is being moved to American Funds is an amended and restated plan. For a restated plan, you'll need to know the original effective date of the plan that is being moved. Read the Terms and Conditions document for additional information you'll need to understand before completing this form.

You can use the Adoption Agreement to amend any provision of your SEP plan, including removing the SARSEP provision from your plan; however, once you eliminate the provision, it cannot be added back.

### 7 | **Simplified Employee Pension Plan With Salary Reduction Option Terms and Conditions**

This document defines the provisions of the American Funds SARSEP IRA plan.



- Submit this form together with a completed *Adoption Agreement* and all completed employee applications.
- An email will be sent to each designated contact with instructions for getting started.
- To add or remove contacts after the plan is established, the employer/business owner may call us at **(800) 421-4225, ext. 39**.

## 1 Employer contacts

*Employer contacts will have access to the OGI website, and can use it to update employee investment allocations and fund contributions using a linked bank account. User IDs and passwords should not be shared with others. Employer contacts will continue to have website access until Capital Bank and Trust Company (CB&T) is instructed to remove or replace a contact.*

Name of company

A. \_\_\_\_\_ (     ) Ext. \_\_\_\_\_  
Name of plan sponsor (the employer/business owner responsible for Plan oversight) Daytime phone

\_\_\_\_\_  
Email address\* — **required**

B. \_\_\_\_\_ (     ) Ext. \_\_\_\_\_  
Name of Plan Administrator (individual employed with the company who is authorized to act on behalf of the plan) Daytime phone

\_\_\_\_\_  
Email address\* — **required**

\*We require an email address to send you a user ID and a link to the OGI website so that you can submit contributions online. Upon receiving the email, please log in within seven days to customize your password. We respect your privacy. For more information on our privacy policies, visit [www.capitalgroup.com](http://www.capitalgroup.com).

## 2 Third-party remitter — if applicable

*Complete this section only if you are designating a third party to have access to plan information and make contributions to the plan. A separate user ID will be assigned.*

\_\_\_\_\_ (     ) Ext. \_\_\_\_\_  
Name of third-party remitter (business name) Daytime phone

\_\_\_\_\_ Email address\* — **required**

\_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_  
Address

\_\_\_\_\_ Existing OGI user ID (if applicable)  
Relationship to the company (payroll company, financial professional, CPA, etc.)

\*We require an email address to send you a user ID and a link to the OGI website so that you can submit contributions online. Upon receiving the email, please log in within seven days to customize your password. We respect your privacy. For more information on our privacy policies, visit [www.capitalgroup.com](http://www.capitalgroup.com).

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Bank information

If not attaching a voided check here, you can submit bank information on the OGI website after receiving a user ID. If attaching a check, the unsigned, voided check you attach below **must** be preprinted with the bank name, registration, routing number and account number. **Please do not staple.**

Tape your check here.

John Doe

DATE \_\_\_\_\_

Bank account registration

PAY TO THE ORDER OF \_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ DOLLARS

Anytown Bank

← Bank name

| : 999999999 | :

0000000000 | | :

Bank routing number

Bank account number

VOID

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Employer authorization

By signing below, I agree to submit contributions electronically via ACH through the OGI website.

I understand that **1)** the OGI contacts designated on this form are authorized users of the OGI website and will have access to the website to update employee investment allocations and to instruct CB&T to initiate ACH transactions to fund the contributions; **2)** immediate notification to CB&T is needed if a contact is to be removed and/or replaced; **3)** and a unique user ID will be provided to the contacts via email (as indicated within this form).

CB&T is hereby authorized to access the account listed on this form on behalf of the plan to withdraw money in respect of contributions via ACH.

If this document is signed electronically, I consent to be legally bound by this document and subsequent terms governing it. The electronically signed copy of this document should be considered equivalent to a printed form in that it is the true, complete, valid, authentic and enforceable record of the document, admissible in judicial or administrative proceedings. I agree not to contest the admissibility or enforceability of the electronically stored copy of this document. A copy of this document will be made available to me as required.

In consideration of CB&T acting on such instructions and processing such transactions, I agree to hold harmless and indemnify CB&T; any of their affiliates or mutual funds managed by such affiliates; and each of their respective directors; trustees; officers; employees; and agents from any losses, expenses, costs or liability (including attorney fees) that may be incurred as a result of CB&T establishing these privileges or acting on such instructions.

\_\_\_\_\_

Name (print)

\_\_\_\_\_

Title

\_\_\_\_\_

Authorized signature

\_\_\_\_/\_\_\_\_/\_\_\_\_

Date (mm/dd/yyyy)

**This document may not be signed using Adobe Acrobat Reader's "fill and sign" feature.**

For more information about submitting contributions, call (800) 421-4225, ext. 39.

02/25

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**Employer: Please provide a completed copy of this agreement to each plan participant.**

The undersigned employer hereby establishes a SARSEP plan for the exclusive benefit of employees who are eligible to participate. The terms of the plan are set forth in the Adoption Agreement and the accompanying prototype plan, which is hereby adopted and incorporated by reference.

## 1 Employer and plan information

Existing Plan ID (if applicable)  
[ ] [ ] - [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]  
EIN

Name of company \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

( ) Ext. \_\_\_\_\_  
Daytime phone

Form of business: ☐ Sole proprietor ☐ Corporation ☐ Partnership ☐ Tax-exempt organization ☐ S corporation ☐ LLC

Plan year: ☐ Calendar year ☐ Employer's taxable year ending on \_\_\_\_\_  
Date (mm/dd/yyyy)

## 2 Effective dates

Complete A and B.

This is an **amended and restated plan**.

A. The effective date of the original plan was [ ] [ ] - [ ] [ ] - [ ] [ ] [ ] [ ]  
Date (mm/dd/yyyy)

B. The effective date of the amended and restated plan is [ ] [ ] - [ ] [ ] - [ ] [ ] [ ] [ ]  
Date (mm/dd/yyyy)

## 3 Eligibility requirements

Complete A, B and C. If left blank, "No requirement" under "A" applies, "three" under "B" applies, and "None" under "C" applies.

A. Age: ☐ No requirement ☐ Minimum age \_\_\_\_\_ (not over 21)

B. Service: Employees who have performed services for the employer during at least \_\_\_\_\_ (maximum three) of the immediately preceding five plan years.

C. Excluded class of employees (select "None" or all that apply):

☐ None

OR

☐ Employees covered by a collective bargaining agreement under which retirement plan benefits have been the subject of good faith bargaining

☐ Employees whose compensation as defined in Code §414(q)(4) is less than \$750 in 2025 (as indexed for inflation).

☐ Nonresident aliens who receive no earned income from the employer that constitutes income from sources within the United States



## 4 Employer allocation formula

Select A or B. If left blank, "A" applies.

A. ☐ Proportionate allocation described in paragraph 3.3(a) of the Terms and Conditions.

OR

B. ☐ Integrated allocation described in paragraph 3.3(b) of the Terms and Conditions. This allocation formula may not be adopted if the employer maintains any other plan that is integrated with Social Security.

## 5 Top-heavy minimum contributions

Select A or B.

This top-heavy plan requirement under Code §416 shall be satisfied by:

A. ☐ This plan

OR

B. ☐ Name of other qualified plan of the employer \_\_\_\_\_

## 6 Salary deferral option

*This option was a part of your plan prior to 1997, and it will remain effective until you choose to amend your plan to remove it. (You may amend any of the options within this section at any time.)*

The salary deferral option: ☐ will not apply

**Note:** If "will not apply" is chosen, do not complete the rest of this section.

### A. Eligibility requirements

☐ None. All employees are immediately eligible.

☐ Same as indicated in Section 3

☐ Same as indicated in Section 3 **except:** ☐ No age requirement ☐ No service requirement

### B. Employee elective deferrals. A participant may elect to defer up to:

\_\_\_\_\_ % of compensation **OR** \$ \_\_\_\_\_ (not to exceed the Code §402(g) limit)

### C. Cash bonus option

A participant: ☐ may defer a bonus **OR** ☐ may not defer a bonus

## 7 Financial professional

*This section **must** be filled out completely by the financial professional(s).*

We authorize American Funds Service Company (AFS) to act as our agent for this account and agree to notify AFS of investments made under a Statement of Intention or Rights of Accumulation.

\_\_\_\_\_  
Name(s) of financial professional(s)

\_\_\_\_\_  
Professional/team ID #

\_\_\_\_\_  
Branch number

(     )  
Daytime phone

\_\_\_\_\_  
Ext.

\_\_\_\_\_  
Branch address

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
ZIP

\_\_\_\_\_  
Name of broker-dealer firm (as it appears on the Selling Group Agreement)

**X**

\_\_\_\_\_  
Signature of person authorized to sign for the broker-dealer — **required**

## 8 Sponsor contact

Employers should direct questions concerning the language contained in and qualification of the prototype to:

**American Funds Service Company, Shareholder Services, (800) 421-4225**

In the event the sponsor amends, discontinues or abandons this prototype plan, notification will be provided to the employer's address provided on the first page of this agreement.

## 9 Employer signature

This agreement was signed for the employer by:

\_\_\_\_\_  
Name (print)

\_\_\_\_\_  
Title

**X**  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date (mm/dd/yyyy)

**This document may not be signed using Adobe Acrobat Reader's "fill and sign" feature.**

If mailing, choose the service center for your state. Mail the form to the Indiana Service Center if you live outside the U.S.



**American Funds Service Company**  
P.O. Box 6164  
Indianapolis, IN 46206-6164

**Overnight mail address**  
12711 N. Meridian St.  
Carmel, IN 46032-9181



**American Funds Service Company**  
P.O. Box 2560  
Norfolk, VA 23501-2560

**Overnight mail address**  
5300 Robin Hood Rd.  
Norfolk, VA 23513-2430

**Financial professional upload** [www.capitalgroup.com/upload](http://www.capitalgroup.com/upload)

**Fax** (888) 421-4371

**For more information, contact your financial professional, visit [www.capitalgroup.com](http://www.capitalgroup.com) or call us at (800) 421-4225.**

## Simplified Employee Pension Plan With Salary Reduction Option Terms and Conditions

### Internal Revenue Service Letter Serial No. K476811a

American Funds Distributors, Inc.\* hereby establishes a prototype plan for use in conjunction with American Funds Distributors, Inc.\* Traditional Individual Retirement Account ("IRA") by Employers who wish to establish a Simplified Employee Pension Plan with Salary Reduction Option ("SARSEP") for their Employees. If the Employer executes an Adoption Agreement that meets the requirements of Code §408(k) and that incorporates this document by reference, Capital Bank and Trust Company will act as Custodian of the IRAs established by Employees eligible to receive contributions under the terms of this Plan. The salary reduction feature of this prototype plan may not be used by an Employer who: (1) did not maintain a SARSEP on December 31, 1996, (2) at any time during the prior Plan Year had more than 25 Employees who would have been eligible to participate; (3) has any leased employees within the meaning of Code §414(n)(2); (4) is a governmental or tax-exempt entity; (5) has eligible Employees whose taxable year is not the calendar year; and (6) has less than 50% of the Employees that are eligible to make Elective Deferrals elect to have Elective Deferrals made to the Plan. This SARSEP prototype plan is an amendment to the Employer's existing SARSEP.

### ARTICLE I — Definitions

**1.1 "Adoption Agreement"** means the document attached hereto by which the Employer elects to establish a Simplified Employee Pension Plan with Salary Reduction Option under the terms of this Prototype Plan, which meets the requirements of Code §408(k)(6).

**1.2 "Code"** means the Internal Revenue Code of 1986, including any amendments thereto.

**1.3 "Compensation"** means wages, tips and other compensation from the Employer that are subject to federal income tax withholding under Code §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 §§6041(d) and 6051(a)(3). Compensation must be determined without regard to any rules under Code §3401(a) that limits the remuneration included in wages based on the nature or location of the employment or the services performed.

Compensation also includes any elective deferrals described in Code §402(g)(3) or any amount that is contributed by the Employer at the election of the Employee and that is not includable in the gross income of the Employee under Code §§125, 132(f)(4) or 457.

For Self-Employed Individuals, Compensation is Earned Income from self-employment. "Earned Income" means the net earnings from self-employment with respect to the Employer determined under Code §1402(a) prior to subtracting any contributions made pursuant to the plan on behalf of the Individual.

Compensation taken into account for each Participant shall not exceed \$200,000, as adjusted for increases in the cost of living in accordance with Code §401(a)(17)(B). If a plan determines Compensation for a period of time that is less than 12 calendar months, then the annual compensation limit is an amount equal to the annual compensation limit for the calendar year in which the Compensation period begins multiplied by the ratio obtained by dividing the number of full months in the period by 12.

**1.4 "Custodian"** means Capital Bank and Trust Company and any successor thereto.

**1.5 "Deferral Percentage Limitation"** means the maximum amount of Elective Deferrals (other than catch-up Elective Deferral contributions determined before application of the Deferral Percentage Limitation), expressed as a percentage of Compensation, that can be contributed on behalf of any Highly Compensated Employee for a particular Plan Year. This limitation equals the product of the average of the Elective Deferrals, other than catch-up Elective Deferral contributions (expressed as a percentage of each such Employee's Compensation), made on behalf of each Non-Highly Compensated Employee for the same Plan Year, multiplied by 1.25.

In calculating this average, the percentage for an eligible Non-Highly Compensated Employee who chooses not to have Elective Deferrals made on his or her behalf for a Plan Year is zero. The determination of the deferral percentage for any Employee is to be made in accordance with Code §§408(k)(6) and 414(v) and any guidance issued thereunder.

**1.6 "Effective Date"** means the effective date on which the Employer's Plan is amended and restated.

**1.7 "Elective Deferral(s)"** means employer contributions made to the Plan at the election of the Participant, in lieu of cash Compensation, pursuant to a Salary Deferral Agreement or other deferral mechanism, such as a cash option contribution. With respect to any Taxable Year, a Participant's Elective Deferral is the sum of all Employer contributions made on behalf of such Participant pursuant to an election to defer under any of the following: a qualified cash or deferred arrangement as described in Code §401(k); this Plan or any other Simplified Employee Pension cash or deferred arrangement described in Code §402(h)(1)(B); an eligible deferred compensation plan under Code §457; and a plan described in Code §501(c)(18). Also included are any Employer contributions made on the behalf of a Participant for the purchase of an annuity contract under Code §403(b) pursuant to a Salary Deferral Agreement.

No Elective Deferrals may be made by an Employee on the basis of Compensation that the Employee received or had a right to receive before the date on which the Employee commences participation in the SARSEP Plan and the Employee's execution of a Salary Deferral Agreement.

**1.8 "Employee"** means any individual including a Self-Employed Individual, who is determined to be an Employee of the Employer as defined in paragraph 1.9.

**1.9 "Employer"** means any corporation, partnership or proprietorship that adopts this SARSEP Plan, including any entity which succeeds the Employer and adopts this SARSEP Plan. For purposes of this SARSEP Plan, Employer shall also mean the Employer that adopts this SARSEP Plan and all members of a controlled group of corporations (as defined in Code §414(b)), all commonly controlled trades or businesses (as defined in Code §414(c)) and all affiliated service groups (as defined in Code §414(m)) of which the adopting Employer is a part. Employer shall also include any other entity required to be aggregated with the Employer pursuant to Code §414(o).

**1.10 "Highly Compensated Employee"** means an Individual described in Code §414(q) who:

- (a) was a 5% owner as defined in Code §416(i)(1)(B)(i) in the current or preceding Plan Year; or
- (b) received Compensation in excess of \$90,000 in 2002, as adjusted pursuant to Code §414(q)(1), in the preceding Plan Year and was in the top-paid group (the top 20% of Employees ranked by Compensation).

**1.11 "Key Employee"** means any Employee or former Employee (and the beneficiaries of these Employees) who, at any time during the preceding Plan Year, was:

- (a) an officer of the Employer with Compensation greater than \$130,000;
- (b) a 5% owner of the Employer (as defined in Code §416(i)(1)(B)(i)); or
- (c) a 1% owner of the Employer (if the Employee's Compensation is greater than \$150,000) as defined in Code §416(i)(1)(B)(ii).

**1.12 "Owner-Employee"** means a sole proprietor or partner owning more than 10% of either the capital or profits interest of the partnership.

**1.13 "Participant"** means any Employee of the Employer who is participating in the Plan.

**1.14 "Plan Administrator"** means the Employer is the Plan's named fiduciary and Plan Administrator.

**1.15 "Plan Year"** means the 12-consecutive-month period designated by the Employer in the Adoption Agreement.

**1.16 "Salary Deferral Agreement"** means the written agreement between the Employer and a Participant in which the Participant authorizes the Employer to withhold and deposit a portion of his or her Compensation to his or her IRA.

**1.17 "SARSEP Plan"** means this Simplified Employee Pension Plan with Salary Reduction Option, including the attached Adoption Agreement.

**1.18 "Self-Employed Individual"** means a person who has Earned Income for the taxable year from the trade or business for which the SARSEP IRA Plan is established, including an individual who would have had Earned Income but for the fact that the trade or business had no net profits for the Taxable Year.

\* On 7/1/2024, American Funds Distributors, Inc. was renamed Capital Client Group, Inc.

**1.19 “Sponsor”** means American Funds Distributors, Inc.\* or any successor(s) or assign(s).

**1.20 “Taxable Wage Base”** means the maximum amount of earnings that may be considered wages at the beginning of the Plan Year under §230 of the Social Security Act.

**1.21 “Taxable Year”** means the taxable year of an Employer for federal income tax purposes.

## ARTICLE II — Eligibility Requirements

**2.1 Participation.** Each Employee of the Employer shall automatically become a Participant under the Plan as of the first day of the Plan Year after such Employee meets the eligibility requirements selected by the Employer in the Adoption Agreement. The Employer may execute any necessary documents on behalf of an Employee who is entitled to an Employer contribution if the Employee is unable or unwilling to execute such documents or the Employer is unable to locate the Employee. Employees shall not be permitted to authorize Elective Deferrals until the individual satisfies the Plan's eligibility requirements. A former Participant shall again become a Participant immediately upon returning to the employ of the Employer.

**2.2 Exclusion From Eligibility.** If elected in the Adoption Agreement, the following classification of Employees may be excluded from participation in the SARSEP Plan:

- (a) employees who are part of a collective bargaining unit if retirement benefits have been the subject of good-faith bargaining; and/or
- (b) nonresident aliens with no taxable income from U.S. sources.

**2.3 Change in Employment Class.** In the event an Employee who is not a member of the eligible class of Employees becomes a member of the eligible class, such Employee shall participate immediately if such Employee has satisfied the minimum age and service requirements and would have become a Participant had he or she been in the eligible class. If a Participant becomes a member of an ineligible class of Employees, such Participant shall cease participation in the Plan effective as of the date such Participant becomes an ineligible Employee.

**2.4 Maximum Age.** The Plan shall not exclude Employees who have attained age 70½, provided such Employees meet the eligibility requirements in the Adoption Agreement.

**2.5 Employment Rights.** Participation in the Plan shall not confer upon an Employee any employment rights, nor shall it interfere with the Employer's right to terminate the employment of any Employee at any time.

**2.6 Withdrawal of Contributions.** Participation in the Plan shall not be terminated, suspended or in any way affected if a Participant withdraws all or any part of his or her IRA. This Plan shall not impose any prohibition on a Participant's right to make withdrawals from his or her IRA.

## ARTICLE III — Employer Contributions

**3.1 Amount.** Prior to the close of each Plan Year, the Employer shall determine in writing the amount of its contribution for such Plan Year. This is in addition to any amount contributed pursuant to Salary Deferral Agreements with the Participants. The Employer's contribution shall be discretionary, and the Employer shall be under no obligation to contribute on an annual basis. The Employer may make a contribution even if no Elective Deferrals are contributed for such year. Contributions to the SARSEP are deductible by the Employer for the Tax Year with or within which the Plan Year of the SARSEP ends. Contributions made for a particular Taxable Year and contributed by the due date of the Employer's income tax return, including extensions, are deemed made in that Tax Year.

**3.2 Limitations on Allocations.** The Employer's contribution (including Salary Deferral Agreement amounts), when allocated to eligible Participants for any Plan Year, shall not exceed the lesser of 25% of each Participant's Compensation or \$40,000, as adjusted under Code §415(d). In addition, the Employer's contribution shall also bear a uniform relationship to the total Compensation of each Participant. At the election of the Employer in the Adoption Agreement, the Employer's contribution may be allocated taking into consideration integration with Social Security.

**3.3 Allocation Formulas.** The Employer's contribution shall be allocated among eligible Participants in accordance with one of the formulas provided below. Participants and former Participants employed by the Employer at any time during the Plan Year, who met the eligibility requirements at any time during the Plan Year, shall share in the Employer's contribution for such Plan Year, even though no longer employed. The Employer's contribution shall automatically be allocated in accordance with paragraph (a) unless paragraph (b) is selected in the Adoption Agreement.

- (a) **Proportionate Allocation.** The Employer's contribution for each Plan Year shall be allocated to the IRA of each eligible Participant in the same portion as such Participant's Compensation for such Plan Year bears to all eligible Participants' Compensation for that year.
- (b) **Integrated Allocation.** The Employer's contribution for the Plan Year shall be allocated to each eligible Participant (using his or her Compensation earned during the Plan Year) as follows:
  - (iii) first, to the extent contributions are sufficient, all Participants will receive an allocation of up to 3% of their Compensation. For purposes of this sub-paragraph (i), in the case of any Participant who has exceeded the cumulative permitted disparity limit described below, such Participant's total Compensation for the calendar year will be taken into account.
  - (iv) next, any remaining Employer contributions will be allocated to Participants who have Compensation in excess of the Taxable Wage Base (excess Compensation) as in effect at the beginning of the Plan Year. Each

such Participant will receive an allocation in the ratio that his or her excess Compensation bears to the excess Compensation of all Participants. Participants may only receive an allocation of up to 3% of excess Compensation. For purposes of this sub-paragraph (ii), in the case of any Participant who has exceeded the cumulative permitted disparity limit described below, such Participant's total Compensation for the calendar year will be taken into account.

- (v) next, any remaining Employer contributions will be allocated to all Participants in the ratio that their Compensation plus excess Compensation bears to the total Compensation plus excess Compensation of all Participants. Participants may only receive an allocation of up to 2.7% of their Compensation plus excess Compensation under this allocation method. For purposes of this sub-paragraph (iii), in the case of any participant who has exceeded the cumulative permitted disparity limit described below, two times such Participant's total Compensation for the calendar year will be taken into account.

**NOTE:** If the Plan is not top-heavy or if the top-heavy minimum contribution or benefit is provided under another Plan (see Section 6 of the Adoption Agreement) covering the same Employees, sub-paragraphs (i) and (ii) above may be disregarded and 5.7% may be substituted for 2.7% where it appears in (iii) above.

- (vi) next, any remaining Employer contributions will be allocated to all Participants in the ratio that each Participant's Compensation bears to all Participants' Compensation.

**Annual overall permitted disparity limit:** Notwithstanding the preceding paragraphs, for any calendar year this SARSEP benefits any Participant who benefits under another SEP or qualified plan described in Code §401(a) maintained by the Employer that provides for permitted disparity (or imputes disparity), Employer contributions will be allocated to each Participant's IRA in the ratio that the Participant's total Compensation for the calendar year bears to all Participant's total Compensation for that year.

**Cumulative permitted disparity limit:** Effective for calendar years beginning on or after January 1, 1995, the cumulative permitted disparity limit for a Participant is 35 total cumulative permitted disparity years. Total cumulative permitted disparity years means the number of years credited to the Participant for allocation or accrual purposes under this SARSEP or any other SEP or any qualified plan described in Code §401(a) (whether or not terminated) ever maintained by the Employer. For purposes of determining the Participant's cumulative permitted disparity limit, all years ending in the same calendar year are treated as the same year. If the Participant has not benefited under a defined benefit or target benefit plan for any year beginning on or after January 1, 1994, the Participant has no cumulative permitted disparity limit.

\* On 7/1/2024, American Funds Distributors, Inc. was renamed Capital Client Group, Inc.



**3.4 Responsibility for Contributions.** Neither the Sponsor nor the Custodian shall be required to determine if the Employer has made a contribution or if the amount contributed is in accordance with the Adoption Agreement or the Code. The Employer shall have sole responsibility in this regard.

### ARTICLE IV — Employee Contributions

**4.1 Elective Deferral Requirements.** Elective Deferrals shall only be permitted for Plan Years in which:

- (a) not less than 50% of the Participants elect to make Elective Deferrals to the Plan on their behalf, and
- (b) the Employer had no more than 25 Employees at all times during the prior Plan Year who were eligible to participate in the Plan.

**4.2 Salary Deferral Agreement.** A Participant may elect to have Elective Deferrals made under this Plan through either a lump sum or continuing Elective Deferrals, or both, pursuant to his or her Salary Deferral Agreement. The amount of Elective Deferrals may not exceed the percentage or dollar amount specified in the Employer's Adoption Agreement. Under no circumstances may a Participant's Elective Deferrals in any calendar year exceed the lesser of:

- (a) 25% of the Participant's Compensation, or
- (b) \$11,000 for 2002 as adjusted for inflation at the beginning of such taxable year. This amount may be reduced if a Participant contributes pretax contributions to qualified plans of this or other Employers.

A Participant's Elective Deferral in any calendar year cannot exceed the lesser of 25% of his or her Compensation (determined without including the SARSEP contributions) or the limitation under Code §402(g)(1) (without regard to Code §402(g)(1)(C)) based on all of the plans of the Employer, unless the Employee would attain age 50 or over by the end of the calendar year. For such Employee, the limits in this paragraph are increased by the catch-up Elective Deferral contribution limit for the year. The limitation under Code §402(g)(1) (without regard to Code §402(g)(1)(C)) is \$11,000 for 2002, \$12,000 for 2003, \$13,000 for 2004, \$14,000 for 2005, and \$15,000 for 2006 and later years. After 2006, the limitation will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code §402(g)(4). Such adjustments will be in multiples of \$500.

### 4.3 Catch-Up Elective Deferral Contributions.

A Participant who would attain age 50 or over by the end of the calendar year can choose to have an additional amount of Elective Deferrals made by the Employer, up to the catch-up Elective Deferral contribution limit for the year, over any dollar or percentage limit applicable to Participants in the absence of any catch-up elective Deferral contributions. The catch-up Elective Deferral contribution limit is \$1,000 for 2002; \$2,000 for 2003; \$3,000 for 2004; \$4,000 for 2005; and \$5,000 for 2006 and later years. After 2006, the limit will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code §414(v)(2)(C). Such adjustments will be in multiples of \$500. Catch-up Elective Deferrals contributions will be determined in accordance with Code §414(v) and any guidance issued thereunder.

**4.4 Timing of Elective Deferrals.** Elective Deferrals may not be based on Compensation a Participant has received, or had a right to receive, prior to the execution of the Participant's Salary Deferral Agreement. A Participant may amend his or her Salary Deferral Agreement to increase, decrease or terminate the Elective Deferral percentage upon written notice to the Employer. Such increase, decrease or termination shall be effective as soon as reasonably possible, but in any event within 30 days of written notice. If a Participant terminates his or her Elective Deferrals, such Participant shall not be permitted to put a new Salary Deferral Agreement into effect until the first pay period in the next Plan Year. The Employer may also amend or terminate said agreement on written notice to the Participant to insure the Plan's qualified status. If a Participant has not authorized the Employer to withhold at the maximum rate and desires to increase the total withheld for a Plan Year, such Participant may authorize the Employer to withhold a supplemental amount up to 100% of his or her Compensation for one or more pay periods. In no event may the sum of the amounts withheld under the Salary Deferral Agreement plus the supplemental withholding exceed 25% of a Participant's Compensation for the Plan Year. The Employer agrees to deposit Elective Deferrals with the Custodian for credit to the Participant's IRA no later than 15 days in the month following the month in which the withholding of Elective Deferrals applies.

**4.5 Cash Bonus Option.** If permitted by the Employer in the Adoption Agreement, a Participant may have Elective Deferrals on cash bonuses during the year that, at the Participant's election, may be contributed to the Plan or received by the Participant in cash.

**4.6 Disallowed Elective Deferrals.** If the 50% requirement in paragraph 4.1(a) is not satisfied as of the end of any Plan Year, all Elective Deferrals made by Participants for that Plan Year shall be considered disallowed Elective Deferrals.

### 4.7 Notification of Disallowed Elective Deferrals.

The Employer shall notify each affected Participant, within 2½ months after the end of the Plan Year to which the disallowed Elective Deferrals relate, that the deferrals are no longer considered SARSEP contributions. Such notification shall specify the amount of the disallowed Elective Deferrals and the Participant's calendar year in which they are includable in income. Additionally, the notice must provide an explanation of the applicable penalties if the disallowed Elective Deferrals are not withdrawn in a timely fashion. The notice to each affected Participant shall state the following:

- (a) the amount of the disallowed Elective Deferrals;
- (b) that the disallowed Elective Deferrals are includable in the Participant's gross income for the calendar year or years in which the amounts deferred would have been received by the Participant in cash had she or he not made the election to defer and that the income allocable to such disallowed Elective Deferrals is includable in the Participant's gross income in the year withdrawn from the IRA; and
- (c) that the Participant must withdraw the disallowed Elective Deferrals and allocable income from the IRA by the April 15 following the calendar year of notification by the Employer. Disallowed Elective Deferrals not withdrawn by the April 15 following calendar year of notification will be subject to the IRA contribution limitation of Code §§219 and 408 and may be considered excess contributions to the Participant's IRA. Disallowed Elective Deferrals may be subject to the tax on excess contributions under Code §4973. If income allocable to a disallowed Elective Deferral is not withdrawn by April 15 following the year of notification by the Employer, the income may be subject to the tax on early distributions under Code §72(t) when withdrawn.

**4.8 Reporting.** Disallowed Elective Deferrals are reported for tax purposes in the same manner as excess SEP contributions.

**4.9 Excess Elective Deferrals.** The maximum amount of Compensation a Participant may elect to defer during the calendar year is limited by Code §402(g), as adjusted for the cost of living.

The Code §402(g) limit applies to the total Elective Deferrals made by a Participant, from any and all Employers, pursuant to Code §§408(k)(6), 401(k) and 403(b) salary reduction arrangements. Amounts deferred in excess of this limit are considered "Excess Elective Deferrals."

If a Participant electing to defer Compensation under this Plan has made Excess Elective Deferrals for a calendar year, he or she must withdraw those Excess Elective Deferrals by April 15 following the calendar year to which the deferrals relate. Those Excess Elective Deferrals not withdrawn by April 15 will be subject to the IRA contribution limitations of Code §§219 and 408 and may be considered an excess contribution to the Participant's SARSEP IRA. Such Excess Elective Deferrals may be subject to the 6% tax on excess contributions pursuant to Code §4973.

Similarly, income on Excess Elective Deferrals is includable in gross income in the year withdrawn from the IRA. Income on Excess Elective Deferrals 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 the 10% tax on early distributions pursuant to Code §72(t) if the recipient Participant has not yet attained age 59½.

## ARTICLE V — Participant Accounts

**5.1 SARSEP Retirement Account.** This SARSEP Plan must be used in conjunction with the IRS-approved American Funds Distributors, Inc.\* Traditional IRA. Each Employee, upon becoming a Participant under the SARSEP Plan, shall establish an IRA in accordance with the rules and regulations established by agreement between the Custodian and the Employer.

**5.2 Determination of Deposit.** When making a contribution to the SARSEP Plan, the Employer shall calculate each Participant's proportionate share of the Employer's contribution as determined in the Adoption Agreement. The Employer shall then deliver the contribution to the Custodian indicating the amount to be credited to each Participant's IRA.

**5.3 Control of Account.** All contributions made under the SARSEP Plan by the Employer shall be irrevocable. After allocation to a Participant's IRA, the Employer shall have no further control of such contribution and the terms of the Participant's IRA shall be fully effective.

**5.4 Allocation of Elective Deferrals.** The Employer shall contribute to each Participant's IRA the amount of the Elective Deferrals designated in his or her Salary Deferral Agreement.

## ARTICLE VI — Limitations on Contributions

**6.1 Limitations on Elective Deferrals.** If the Employer maintains any other SEP to which Employer Contributions are made for such Plan Year, then a Participant's Elective Deferrals may be limited to the extent necessary to satisfy the maximum contribution limitations under Code §415(c)(1). Each Participant's Elective Deferrals under this SARSEP may be based only on the first \$200,000 of Compensation, as adjusted for increases in the cost of living in accordance with Code §401(a)(17)(B).

**6.2 Overall Limitations on Contributions.** In addition to the dollar limitation of Code §415(c)(1)(A), which is \$40,000 for 2003, contributions under this SARSEP and qualified plans of the Employer, generally may not exceed 100% of Compensation for any Participant. If these limits are exceeded on behalf of any Participant for a particular Plan Year, that Participant's Elective Deferrals for that year must be reduced to the extent of the excess.

**6.3 Limitations for Highly Compensated Employees.** Elective Deferrals by a Highly Compensated Employee must satisfy the Deferral Percentage Limitation under Code §408(k)(6) and paragraph 1.4 herein. Amounts in excess of the Deferral Percentage Limitation will be deemed excess SEP contributions on behalf of the affected Highly Compensated Employee.

**6.4 Notification of Excess SEP Contributions.** The Employer shall notify each affected Participant, within 2½ months following the end of the Plan Year to which the excess SEP contributions relate, of any excess SEP contributions to the Participant's IRA for the applicable year. Such notification shall specify the amount of the excess SEP contributions and the calendar year in which the contributions are includable in income and must provide an explanation of applicable penalties if the excess SEP contributions are not withdrawn in a timely fashion. Excess SEP contributions of a Participant who would attain age 50 or over by the end of the calendar year are not includable income and do not have to be withdrawn to the extent such Participant has not reached the catch-up Elective Deferral contributions for the Plan Year to which the excess SEP contributions relate.

**6.5 Notification Requirements.** The notification to each affected Participant of excess SEP contributions must specifically state in a manner calculated to be understood by the average employee:

- the amount of the excess SEP contributions attributable to the Participant's Elective Deferrals;
- the calendar year in which the excess SEP contributions are includable in gross income; and
- that the Participant must withdraw the excess SEP contributions (and allocable income) from the IRA by April 15 following the year of notification by the Employer. Those excess SEP contributions not withdrawn by April 15 following the year of notification will be subject to the IRA contribution limitations of Code §§219 and 408 for the preceding calendar year and thus may be considered an excess contribution to the Participant's IRA. Such excess contributions may be subject to the 6% tax on excess contributions under Code §4973. If income allocable to an excess SEP contribution is not withdrawn by April 15 following the year of notification by the Employer, the income may be subject to the tax on early distributions under code §72(t) when withdrawn.

**6.6 Excess SEP Contributions Includable in Income.** Excess SEP contributions that are includable in the Participant's gross income are includable on the earliest dates any Elective Deferrals made on behalf of the Participant during the Plan Year would have been received by the Participant had he or she originally elected to receive the amounts in cash. However, if such excess SEP contributions (not including allocable income) total less than \$100, then the excess SEP contributions are includable in the Participant's gross income in the year of notification. Income allocable to such excess SEP contributions is includable in the year of withdrawal from the IRA.

**6.7 Excise Taxes and Penalties.** If the Employer fails to notify any of the affected Participants within 2½ months following the end of the Plan Year of an excess SEP contribution, the Employer must pay a tax equal to 10% of the excess SEP contribution. If the Employer fails to notify Participants by the end of the Plan Year following the Plan Year in which the excess SEP contributions arose, the SARSEP no longer will be considered to meet the requirements of Code §408(k)(6), and contributions in the Participant's IRA will be subject to the IRA contribution limitations and thus may be considered excess contributions to the Participant's IRA.

**6.8 Withdrawal Restrictions.** The Employer shall notify each Participant who makes an Elective Deferral for a Plan Year that, notwithstanding the prohibition on withdrawal restrictions contained elsewhere in this Plan, any amount attributable to such Elective Deferrals which is withdrawn or transferred before the earlier of 2½ months after the end of the particular Plan Year or the date the Employer notifies its Participants that the Deferral Percentage Limitations have been calculated, will be includable in income and possibly subject to an early penalty tax.

## ARTICLE VII — Top-Heavy Rules

**7.1 Top-Heavy Minimum Contribution.** Each Plan Year for which the Plan is top-heavy under Code §416, each non-Key Employee shall receive an allocation of Employer contributions equal to the lesser of 3% of Compensation or the percentage of Compensation allocated to the Key Employee receiving the highest percentage allocation not including catch-up Elective Deferral contributions. The top-heavy minimum contribution shall be satisfied under this Plan unless the Employer designates another plan in the Adoption Agreement.

**7.2 Contributions Counted Towards Minimum.** For purposes of satisfying the minimum contribution requirements under Code §416, all Employer Contributions under the SARSEP shall be taken into account; but Elective Deferrals shall not be taken into account.

**7.3 Top-Heavy Determination.** This SARSEP Plan is top-heavy for a Plan Year if, as of the last day of the preceding Plan Year, the total of elective and nonelective contributions made on behalf of Key Employees for all years this Plan has been in existence exceeds 60% of such contributions for all Employees who were eligible to participate. Alternatively, the Employer may elect to consider whether the IRA balances of all Key Employees exceed 60% of the value of the IRA balances of all Employees to determine whether the Plan is top-heavy. If the Employer maintains (or maintained within the preceding Plan Year) any other SEP or qualified plan in which a Key Employee participates (or participated), the contributions, account balances or present value of accrued benefits, whichever is applicable, must be aggregated with the contributions made to this SARSEP Plan. The contributions (and account balances and present value of accrued benefits, if applicable) of an Employee who ceases to be a Key Employee or of an individual who has not performed services for the Employer in the preceding Plan Year, shall be disregarded. The identification of the Key Employees and the top-heavy calculation shall be determined in accordance with Code §416 and any guidance issued thereunder.

\* On 7/1/2024, American Funds Distributors, Inc. was renamed Capital Client Group, Inc.

## ARTICLE VIII — Administration

**8.1 Plan Administrator.** The Employer shall be the Plan's named fiduciary and shall serve as Plan Administrator. As Plan Administrator, the Employer shall:

- (a) carry out the provisions of the SARSEP Plan, including determining eligibility of Employees, allocating contributions and interpreting the SARSEP Plan when necessary;
- (b) deliver all contributions to the Custodian showing the amount to be allocated to each Participant's IRA;
- (c) communicate with Participants regarding their participation and benefits under the SARSEP Plan;
- (d) advise Participants in writing of all contributions to their IRAs;
- (e) perform any other duties required of the Plan Administrator;
- (f) insure that no contribution exceeds the limits imposed by Code §408(k) or any other applicable law, regulations or order; and
- (g) execute necessary documents to establish an IRA with the Custodian for eligible Employees.

**8.2 Custodian.** The Custodian shall be depository for Participant SARSEP IRAs, established by or on behalf of Plan Participants. As depository, the Custodian shall:

- (a) accept for deposit contributions transmitted by the Employer; and
- (b) administer each Participant's IRA in accordance with the provisions of the IRA agreement.

The Custodian need not verify the amount of the contributions received or the amounts allocated to each Participant's IRA.

**8.3 Use of IRS Compliance Programs.** Nothing in this SARSEP Plan should be construed to limit the availability of the IRS' voluntary compliance programs, the Employee Plans Compliance Resolution System (which encompasses the Administrative Policy Regarding Self-Correction, the Walk-in CAP, and the Voluntary Compliance Resolution Program).

## ARTICLE IX — Amendment and Termination

### 9.1 Amendment by Sponsor or Custodian.

The Sponsor or Custodian may amend or terminate any or all provisions of this SARSEP Plan at any time without obtaining the approval or consent of any Employer or Participant(s), provided that no amendment shall authorize or permit any SARSEP Plan asset to be used for or diverted to purposes other than for the exclusive benefit of Participants and their beneficiaries. The Sponsor or Custodian will inform each adopting Employer of any amendments to or termination of the SARSEP Plan.

**9.2 Qualification of Prototype.** The Sponsor intends that this SARSEP Plan will meet the requirements of Code §408(k) and the regulations thereunder as a Simplified Employee Pension Plan with Salary Reduction Option. Should the Commissioner of Internal Revenue or any delegate of the Commissioner at any time determine that the SARSEP Plan fails to meet the requirements of said Code §408(k), the Sponsor will amend the SARSEP Plan to meet the requirements.

**9.3 Amendment by Employer.** The Employer may amend any option elected in the Adoption Agreement provided that no amendment shall authorize or permit any SARSEP Plan asset to be used for or diverted to purposes other than for the exclusive benefit of Participants and their beneficiaries. If the Employer amends the Adoption Agreement other than within the available options, the Employer may no longer participate in this SARSEP Plan.

**9.4 Termination.** The Employer may terminate its Plan upon 60 days' written notice with the Custodian. In such event, the Custodian shall continue to administer each Participant's IRA as provided under the IRA agreement. The Sponsor may also terminate the SARSEP Plan upon written notice to the Employer.

## ARTICLE X — Governing Law

Construction, validity and administration of this SARSEP Plan shall be governed by Federal law. Where there is no applicable Federal law, this SARSEP Plan shall be governed by, construed in accordance with and administered under the laws of the State of California. Each party agrees that all actions or proceedings instituted by the Custodian, Employer, Participant, beneficiary or any interested party arising under or growing out of this Agreement shall be brought in the state or federal courts of California. In the event of reasonable doubt respecting the proper course of action to be taken with respect to the SARSEP Plan, the Custodian may, in its sole and absolute discretion, resolve such doubt by judicial determination which shall be binding on all parties who may claim any interest in the SARSEP Plan. A judicial determination may include, but not be limited to, the custodian petitioning the appropriate court to remain as Custodian over the IRAs in order to preserve the IRA's federal tax-deferred status pending the court's resolution of the SARSEP Plan. In the event of any such judicial determination, all court costs, legal expenses, reasonable compensation for the time expended by the Custodian and any other expenses and costs, including reasonable attorney fees, shall be collected by the Custodian from the IRA(s) in accordance with the terms of the IRA(s).