

# Owner-Only Individual(k)<sup>TM</sup> Plan Establishment Kit

## Pre-Approved Plan Document Services



### Getting started...

Thank you for choosing Ascensus, LLC to provide plan document services for your Owner-Only Individual(k)<sup>TM</sup> qualified retirement plan. Please complete the following information to begin the document establishment process.

### Is the Ascensus Individual(k) Program Right for Me?

The Ascensus Individual(k) program is designed exclusively for owner-only businesses and for small businesses that can exclude non-owner employees that do not meet the definition of a Long-Term Part-Time employee (LTPT) from the Plan. The Ascensus Individual(k) program may be right for you if you meet these requirements.

- The Plan must cover only you (or you and your spouse) and you (or you and your spouse) must own the entire business (which may be incorporated, unincorporated, or LLC).
- The Plan must cover only one or more partners (or partners and their spouses) in a business organized as a business partnership, and all partners must own at least 10% of the business.

Before completing the Plan Establishment Kit, please consult with a tax/legal advisor to determine if the Ascensus Individual(k) program is appropriate for you. This Individual(k) program is intended to be the only plan maintained by the employer. If you intend to maintain or make contributions to any other retirement plan in addition to the Ascensus Individual(k), please consult with a tax/legal advisor to determine if the Ascensus Individual(k) program is suitable for you.

### Important notes to consider...

#### ■ Deadline to Establish

- **All employers** can sign and adopt a new Individual(k) plan as late as their tax return, *plus extensions*. Only employer contributions can be funded and treated as being taxable for the prior year.
- **Sole proprietor or Single-member LLC** can sign and adopt a new Individual(k) plan until their tax return date, *excluding extensions*. They can fully fund their plan to include employer contributions and retroactive salary deferrals for the prior tax year.

#### ■ Long-Term Part-Time Employees

- Due to the SECURE Act of 2019 (or SECURE 1.0), effective for 2021 and later plan years, employers were required to track all employees' hours and permit employees who have satisfied the plan's minimum age requirement and who have worked 500 or more hours in three consecutive years, to make elective deferrals to the employer's plan. The SECURE 2.0 Act shortens the period for these long-term, part-time employees from three years to two, effective for 2025 and later plan years.

### Please have this information ready before you start...

- Address
- EIN
- Email Address
- Employer Name
- Plan Name
- Phone Number
- Trustee Information (*if applicable*)

### The following must be completed to prepare your plan documents.

- Contact Information Form with Plan Design Questionnaire (PDQ) and
- Document Service Agreement (DSA) must be completed to prepare your plan documents.

Collectively, these forms comprise the Plan Establishment Kit. Once you have completed this kit, please return it to Ascensus using one of the following delivery methods.

Email [PershingPlanDocs@ascensus.com](mailto:PershingPlanDocs@ascensus.com)

#### Regular Mail

Ascensus DCS Unit  
PO Box 577  
Fort Washington, PA 19034

#### Express or Overnight Mail

Ascensus DCS Unit  
575 Pinetown Road #577  
Fort Washington, PA 19034

If you have any questions, please contact the Ascensus Document Compliance Service Team at 866-775-9118.

## Next Steps...

1. Ascensus receives the completed Plan Establishment Kit and reviews the documents for accuracy and complete information. **If additional information is required, Ascensus will contact you or your financial advisor. The Plan Establishment Kit is not your executed plan document.**
2. After all information is received, Ascensus will process and upload the pre-filled adoption agreement and trust and custodial agreement to our secure electronic signature website, Sertifi.
3. Once the adoption agreement and trust and custodial agreement are uploaded to Sertifi, the primary signer and any additional signers will receive invitation emails requesting they review and electronically sign the documents. The financial advisor listed on the Contact Information Form also receives an invitation email. The invitation emails will come from services@sertifi.com.
4. The electronically signed adoption agreement, trust and custodial agreement, and additional reference materials are the plan sponsor's executed plan documents. These documents can be printed or saved after all signatures are received.
5. The plan sponsor will also receive the following correspondence while establishing services:
  - A welcome email will be sent to the plan sponsor and financial advisor from Ascensus outlining services, contact information for Ascensus, and other helpful information. The welcome email will come from PershingPlanDocs@ascensus.com.
  - Two emails will be sent to the plan sponsor from our secure online payment management website, Billtrust. The first email will contain information on accessing their account on the Billtrust website and the second email will include their initial invoice for their enrollment fee. These emails will come from ascensus@billtrust.com.



**Plan documents will not be processed if the Contact Information Form within the PDQ or DSA is incomplete, unsigned, or illegible. Additionally, each participant will need to work with their financial adviser to establish an account with Pershing by completing Pershing's account setup form(s).**

# Contact Information Form

## Financial Organization Information

<b>Employer Primary Account Number</b> <i>(financial organization account number)</i> <b>NOTE:</b> Account number is not required to process the PEK.	
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## Employer Information

<b>Employer Name (“Client”, as listed in DSA)</b>	
<b>Plan Name (“Plan”, as listed in DSA)</b>	
<b>Legal Address of Employer</b> <i>(P.O. box is not accepted)</i>	
<b>Mailing Address (if applicable)</b>	
<b>City, State, Zip</b>	
<b>Name of Primary Signer at Employer</b>	
<b>Title of Primary Signer</b>	
<b>Phone Number of Primary Signer</b>	
<b>Email Address of Primary Signer (Required)</b>	

*(This person is typically the business owner who will sign as Adopting Employer on the Adoption Agreement and is able to make plan document changes.)*

**NOTE:** Plans will not be enrolled in the Ascensus pre-approved plan document service without a valid primary signer email address. If the employer or plan name differs from the DSA we will default to the information input on the DSA.

## Additional Plan Contact at Employer

*(Optional. This person will not sign the adoption agreement.)*

<b>Name of Additional Plan Contact</b>	
<b>Phone Number of Additional Plan Contact</b>	
<b>Email Address of Additional Plan Contact</b>	

By signing this PDQ, I authorize Ascensus to provide information or documentation related to the employer or the plan to the Additional Plan Contact at Employer listed above, upon their request. I am responsible for providing written notification to Ascensus if the contact information changes or if I wish to revoke this designation.

Below in Part A, enter the individual’s name who will be the plan’s discretionary trustee (may not be Ascensus or any of its employees or representatives). A trustee must be named for the plan. If no Trustee is listed below, the primary signer will be listed as the Trustee for the plan.

## Trustee

*(The trustee may direct Ascensus to make plan document changes. This person will sign the adoption agreement.)*

### Part A. Trustee Information

<b>Name of Trustee</b>	
<b>Email Address of Trustee (Required if trustee and primary signer are different individuals)</b>	
<b>Legal Address of Trustee</b> <i>(P.O. box is not accepted)</i>	
<b>City, State, Zip</b>	
<b>Phone Number of Trustee</b>	
<b>Title of Trustee</b>	

**NOTE:** If you have more than one trustee for the plan, list additional trustees in the **Comments/Notes** section of this form.

**Part B. Limited Trustee (Complete if different than Trustee)**

A limited trustee is appointed solely for the purposes of ensuring the timely collection and deposit of employer contributions. If no limited trustee is listed below, the individual trustee listed in Part A of this section will be deemed to be a limited trustee. A limited trustee cannot be a financial organization.

<b>Name of Limited Trustee</b>	
<b>Email Address of Limited Trustee</b>	
<b>Legal Address (P.O. box is not accepted)</b>	
<b>City, State, Zip</b>	
<b>Phone Number of Limited Trustee</b>	
<b>Title of Limited Trustee</b>	

**Financial Advisor Information**

<b>Financial Organization Name</b>	
<b>Name of Financial Advisor</b>	
<b>Phone Number of Financial Advisor</b>	
<b>Email Address of Financial Advisor</b>	

By signing this PDQ, I authorize that Ascensus may provide information or documentation related to the employer or the plan to the financial advisor listed above according to Section 6.01 of the DSA. I am responsible for providing written notification to Ascensus if the contact information changes or if I wish to revoke this designation.

**Client Service Associate**  
*(Optional)*

<b>Name of Client Service Associate</b>	
<b>Phone Number of Client Service Associate</b>	
<b>Email Address of Client Service Associate</b>	

By signing this PDQ, I authorize Ascensus to provide information or documentation related to the employer or the plan to the financial advisor's client service associate listed above, upon their request. I am responsible for providing written notification to Ascensus if the contact information changes or if I wish to revoke this designation.

# Owner-Only 401(k) Plan Design Questionnaire

This Plan Design Questionnaire (PDQ) gathers information needed to prepare an Ascensus pre-approved plan document. Ascensus is the Pre-Approved Plan Document Provider for your qualified retirement plan. This is a simplified plan for owner-only businesses. If you have employees, you should complete a 401(k) Plan Design Questionnaire.

- Employer must complete the Contact Information Form, Owner-Only 401(k) PDQ, and Document Service Agreement (DSA).
- Once Ascensus receives the completed forms, Ascensus will prepare the pre-approved plan document based upon the information provided in the PDQ.
- Ascensus will post the drafted documents to a secure website and will provide the employer with an email detailing how to access the site to retrieve the plan documents. All correspondence in connection with this service is conducted electronically.
- Upon receipt of the documents, the employer must confirm that the elections in the adoption agreement are correct, then sign and date the adoption agreement and all applicable amendments. (Ascensus recommends that the employer consult with a legal or tax advisor to review all plan selections—including any provisions defaulted to those frequently selected by employers, as further described later in this PDQ. Once the adoption agreement is signed, provisions can be changed only by a formal plan amendment.)
- The employer must return a copy of the signature documents to Ascensus.
- The employer should retain the original adoption agreement, basic plan document, summary plan description (if applicable), and all applicable plan amendments.
- Ascensus will provide future amendments to the pre-approved document through the secure website (whether the amendments are required by the IRS or requested by the employer).

## Part I – Plan Design Information

1. Employer's Tax Year End (Month/Day) \_\_\_\_\_ / \_\_\_\_\_ (If no date is entered, your Tax Year End will be defaulted to December 31)

2. Type of Business Organization (select only one)

- Sole Proprietorship     Partnership     Limited Liability Company     Nonprofit  
 C Corp     S Corp     Other \_\_\_\_\_

**NOTE:** Business organization definitions are available at [www.irs.gov](http://www.irs.gov) (keyword "Business Structures").

3. Employer Identification Number (EIN) \_\_\_\_\_ - \_\_\_\_\_ (Must be employer's Tax ID number – not a Social Security number)

### NOTES:

Ascensus requires that a plan EIN, not a Social Security number, be used for plan identification. If you do not have an EIN for your plan, you can easily obtain one at no cost by accessing the IRS EIN website at <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>.

The Internet EIN application is the preferred method for clients to apply for and obtain an EIN. Once the application is completed, the information is validated during the online session, and an EIN is issued immediately. The online application process is available for all entities whose principal business, office or agency, or legal residence (in the case of an individual), is located in the United States or U.S. Territories. The principal officer, general partner, grantor, owner, trustor, etc. must have a valid Taxpayer Identification Number (Social Security number, EIN, or Individual Taxpayer Identification Number) in order to use the online application.

Use IRS Form SS-4, Application for Employer Identification Number, to apply for an EIN. Form SS-4 is available at [www.irs.gov](http://www.irs.gov) (keyword "EIN").

4. Trust Identification Number (TIN) \_\_\_\_\_ - \_\_\_\_\_ (i.e., separate Trust ID number for the plan, if applicable)

**NOTE:** Only provide as needed. This is required if your plan assets will be held at a Trust. This is not the same as an EIN or SSN. Use IRS Form SS-4 application to apply for a TIN. Form SS-4 is available at [www.irs.gov](http://www.irs.gov) (keyword "Trust").

5. Internal Revenue Service (IRS) three-digit Plan Sequence Number (e.g., 001) \_\_\_\_\_ (If no number is entered, your Plan Sequence Number will be defaulted to "001")



If this is the first plan the employer has ever maintained, use 001. If this is a new qualified retirement plan, but not the employer's first qualified retirement plan, take the last plan sequence number used by the employer and add one. If this is a restatement or amendment of an existing plan, use the same plan sequence number on the prior adoption agreement or most recent Form 5500. This number, in conjunction with the EIN, is used by the IRS and DOL to identify the plan.

6. **Plan Effective Date:** Indicate below if this is a new plan or a restatement or amendment to an existing plan. A new plan is typically a start-up plan with no assets (*i.e., a plan not moving from another brokerage or investment firm*). A restatement or amendment is a takeover plan with existing assets. **The employer must select A or B (and C, if applicable).**

- A. **New Plan:** The plan's effective date is (Month/Day/Year) \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ (If option A is selected, and no date is provided, the effective date will be the first day of the first month of the employer's current tax year.)



The effective date cannot be earlier than the date the employer is established. For new startup plans making a profit sharing contribution in the first year: the plan's effective date should be the first day of the tax year if 1) the employer wants to make a profit sharing contribution in the first tax year, and 2) the employer chooses to use full-year compensation for employees who become eligible to enter the plan on the first day of the tax year. If the effective date is any day other than the first day of the tax year and the employer makes a profit sharing contribution in the first tax year, only compensation earned as of the participant's actual entry date (which would be on or after the effective date) will be used for allocation purposes.

- B. **Restatement or Amendment:** The initial plan adoption was effective on (Month/Day/Year) \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ (If option B is selected, a date is required, this date can be found on a prior plan document)

The restatement or amendment effective date will be 15 days after Ascensus receives this PDQ, unless a later date is indicated (Month/Day/Year) \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

- C. **Frozen Plan:** Effective on (Month/Day/Year) \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ (If option C is selected, a date is required), this plan became a frozen plan. The employer will not make additional contributions to the plan after the date the plan was frozen.

**NOTE:** If the Frozen Plan box is checked and no date is provided, the adoption agreement will be drafted as a frozen plan with an effective date equal to the restatement or amendment effective date indicated above. If option C is selected, option A or B must also be selected.

## Part II – Eligibility

7. **Age:** There is no age requirement to participate in the plan, unless an age is indicated below:

- Age 18       Age 21       Other \_\_\_\_\_ (may not be greater than age 21)

8. **Service:** No years of eligibility service will be required to participate in the plan unless a different eligibility service requirement is indicated below:

- 1 year (12 months)       Other \_\_\_\_\_ (may not be greater than 12 months)

## Part III – Contributions

This plan type allows for pretax elective deferrals, Roth elective deferrals, and employer profit sharing contributions. Please see the section titled **Plan Design Highlights**, for additional contribution information.

## Part IV – Other Plan Elections

9. Loans are not permitted from the plan, unless indicated.

- Yes, loans are permitted from the plan.

## Additional Comments/Notes

Use this section to provide any additional information that will assist us in preparing the plan document (*attach additional page(s) if necessary*).

## Plan Design Highlights

In addition to the choices made on the prior pages, the following plan provisions will apply to your qualified plan. If you require any changes to the following assumptions, please contact Ascensus to discuss options available.

### Eligibility

**Eligibility Computation Period.** The initial eligibility period is from the date of hire to the first anniversary of that date. Once that initial period is completed, if an employee has not met the plan's eligibility requirements the eligibility period will switch to the plan year.

**Eligibility Requirements.** All employees must satisfy the requirements to become eligible. A year of eligibility service means an eligibility computation period in which an employee completes 1,000 hours of service. To avoid a break in eligibility service, a participant must exceed 500 hours of service.

**Excludable Employees.** Union employees and nonresident aliens are excluded from the plan. Acquired employees will be excluded during the transition period as applicable. All other employees of the adopting employer and employees of related employers will not be excluded from the plan.

**Entry Dates.** After meeting the plan's eligibility requirements, an employee may enter the plan on the first day of the plan year and the first day of the seventh month of the plan year (semi-annual entry dates).

**Long Term Part Time Employees Eligibility.** Effective for 2021 and later plan years, employers are required to track all employees' hours and permit employees who have satisfied the plan's minimum age requirement and who have worked 500 or more hours in three consecutive years, to make elective deferrals to the employer's plan. The SECURE 2.0 Act shortens the period for these long-term, part-time employees from three years to two, effective for 2025 and later plan years. A long-term, part-time employee will be eligible to become a participant in the plan for purposes of elective deferrals.

### Contributions

**Age 50 Catch-Up Contribution.** All participants who are eligible to make elective deferrals under the plan and who reach age 50 before the close of the plan year will be eligible to make age 50 catch-up contributions.

**Benefit Accrual.** Employees who cannot be reemployed because of death or disability incurred while performing qualified military service will not be considered reemployed under USERRA. These employees will not be entitled to benefit accruals for the time they were providing military service or for the plan year in which the death or disability occurred.

**Effective Dates for Elective Deferrals.** If this is a new plan or if this is an amendment that is adding an elective deferral option (either pretax or Roth), the effective date for elective deferrals is the next payroll date coinciding with or following the later of 1) the date the adoption agreement is signed, or 2) the effective date provided in Question 6. The date specified for pretax elective deferrals must either be the same date or an earlier date than that selected for Roth deferrals.

**Elective Deferrals Defined.** The term elective deferral and all elections regarding elective deferrals include both pretax and Roth deferrals.

**Elective Transfer Contributions.** Subject to uniform and nondiscriminatory rules, the employer may permit elective transfer contributions by employees. Participants may withdraw their elective transfer contributions at any time.

**In-Plan Roth Rollovers.** Direct and indirect in-plan Roth rollovers are permitted in the plan.

**Limits on Elective Deferrals.** A participant may defer any dollar amount or percentage of compensation up to the limits permitted by laws and regulations.

**Nondeductible Employee Contributions.** Nondeductible employee contributions will be permitted into the plan.

**Profit Sharing Contributions.** The employer may contribute an amount to be determined from year to year. The discretionary amount will be allocated using a pro rata formula.

**Qualifying Participant.** A participant who is employed on the last day of the plan year or works at least 500 hours will be eligible to receive an employer profit sharing contribution.

**Rollovers.** The plan will accept direct rollover contributions of pretax, Roth and nondeductible amounts and indirect rollover contributions of pre-tax amounts and earnings from Roth accounts from a qualified retirement plan described in Internal Revenue Code Sections (IRC Sec.) 401(a), 403(a), a 403(b) plan, and an eligible governmental 457(b) plan. In addition, the plan will accept rollover contributions of pretax amounts from Traditional IRAs described IRC Sec. 408(a) and 408(b). Rollover contributions may be withdrawn at any time.

**Vesting.** Profit sharing contributions will be 100% vested.

### Distributions and Loans

**Distributable Events.** A participant's full vested balance will be available for distribution when the participant terminates employment, attains age 59½, incurs a disability, dies, attains normal retirement age, or upon plan termination. In-service distributions are also available as described below.

**Distribution Options for Military Personnel.** Qualified reservists can take a distribution of their elective deferrals. Participants who are performing qualified military service and are deemed to have severed their employment may take a distribution of elective deferrals, QNECs, and QMACs. In addition, participants on active military duty for at least 30 days may take a distribution of their elective deferrals.

**Forms of Distributions.** Participants may take distributions in one or more of the following forms of payment: 1) in a lump-sum payment, 2) in a partial payment, 3) in installment payments, or 4) they may apply the distribution towards the purchase of an annuity contract. For married participants, spousal consent is required for certain distributions.

**Hardship Distributions.** Hardship distributions of elective deferrals will be restricted to the safe harbor expenses, which are 1) medical care, 2) purchase of a principal residence, 3) tuition, 4) prevention of eviction or foreclosure, 5) funeral or burial expenses, 6) casualty losses, and 7) expenses and losses (including loss of income) incurred by the employee on account of a disaster declared by the Federal Emergency Management Agency (FEMA). If an employee takes a hardship distribution it will include earnings, a six month suspension on elective deferrals will not apply and employees will not be required to take a plan loan before receiving a hardship distribution. Hardship distributions of profit sharing contributions are available to participants when there is an immediate and heavy financial need. This includes, but is not limited to, the safe harbor reasons listed above. The plan will not permit hardship distributions on account of a hardship incurred by the participant's primary beneficiary.

**In-Service Distributions of Profit Sharing Contributions.** An employee who has been a participant for at least five years may receive an in-service distribution of the entire vested account balance. An employee who has been a participant in the plan for less than five years may withdraw only the vested amount that has been in the plan for at least two full plan years.

**Required Beginning Date.** For purposes of determining when required minimum distributions must begin under the Plan, the required beginning date is the later of the April 1 of the calendar year following the calendar year in which a participant reaches age 73 (age 70½ if the participant attained age 70½ before 1/1/2020, and age 72 if the participant turned age 72 after 12/31/2019 but before 1/1/2023) or retires, except that distributions to a five-percent owner must begin by April 1 of the calendar year following the calendar year in which the participant reaches age 73 (age 70½ if the participant attained age 70½ before 1/1/2020, and age 72 if the participant turned age 72 after 12/31/2019 but before 1/1/2023).

<b>Birth Date</b>	<b>Age to begin RMDs</b>
June 30, 1949 or Earlier	Age 70½
July 1, 1949 through and including December 31, 1950	Age 72
January 1, 1951 and Later	Age 73

### **Other Plan Elections**

**Compensation.** For contribution purposes, compensation will be defined as W-2 compensation. Compensation will include deferrals under cafeteria plans, qualified transportation fringe benefit plans, 401(k) plans, salary deferral SEP plans, and 403(b) tax-sheltered annuity plans. The compensation measuring period will be the plan year and will include compensation for the entire plan year. A participant's regular compensation received within 2½ months after severing employment (or after the end of the limitation year, if later) will be included in the compensation definition. For any self-employed individual covered under the plan, compensation means earned income. Differential wage payments provided to individuals who are active duty members of the uniformed services will be included in compensation.

**Hours of Service.** Hours of service will be determined based on the actual hours for which an employee is paid or entitled to payment.

**Investment Elections.** Participants will be permitted to select investments for their entire account, choosing from the investment options available under the plan. Life insurance and qualified longevity annuity contracts will not be permitted as investment options in the plan.

**Limitation Year.** For purposes of annual additions testing under IRC Sec. 415, the limitation year is the plan year.

**Normal Retirement Age.** The plan's normal retirement age will be age 59½.

**Plan Year.** The plan year end will coincide with the employer's tax year end.



## Employer Agreement and Signature

1. I have read and understand the choices elected within this Owner-Only 401(k) PDQ. The information provided in this PDQ and any ancillary information provided for the purposes of completing the plan documents are, to the best of my knowledge, correct and complete.
2. I represent that I am authorized to sign on behalf of the employer (e.g., President, Officer, or other person legally authorized to act on behalf of the entity that established or is establishing the plan).
3. I understand that Ascensus does not provide legal nor tax advice and I have consulted with my legal and tax advisors regarding the plan and the PDQ. If there is a prior plan document, I understand that I am responsible for ensuring that appropriate protected benefits are preserved as required by the Internal Revenue Code. I also understand that Ascensus has not reviewed the prior document.
4. I agree to receive all pre-approved plan document communication by email and to notify Ascensus of any change in email address. I understand that failure to notify Ascensus of any email address change may result in the plan not receiving required IRS restatements or amendments and can result in the disqualification of the plan by the IRS. I also acknowledge that Ascensus may provide information or documentation related to me, the employer, or the plan to the financial advisor listed above. I am responsible for providing written notification to Ascensus if the contact information changes or if I wish to revoke this designation.
5. I understand that this PDQ is not an adoption agreement. Upon receipt of this PDQ, Ascensus will create an adoption agreement for my signature along with other materials, including the corresponding amendments and basic plan document. For a newly adopted plan, the adoption agreement and any applicable amendments must be signed by the end of the plan year in order to make a contribution for that plan year.
6. I understand that this PDQ must be submitted to Ascensus with a completed and signed DSA before my adoption agreement will be processed and delivered to me.
7. I understand that after the adoption agreement has been signed, future changes to plan provisions can be made only by a formal plan amendment.

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Authorized Signature

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Name

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Date



**Return the Contact Information Form, PDQ, and DSA to Ascensus using one of the following delivery methods.**

**Email** [PershingPlanDocs@ascensus.com](mailto:PershingPlanDocs@ascensus.com)

**Regular Mail**

Ascensus DCS Unit  
PO Box 577  
Fort Washington, PA 19034

**Express or Overnight Mail**

Ascensus DCS Unit  
575 Pinetown Road #577  
Fort Washington, PA 19034

Neither Ascensus nor any of its employees provide legal or tax advice. You must consult with your legal or tax advisor when making decisions about a retirement plan.