

Owner-Only *Individual(k)*TM Plan Establishment Kit

Including Recordkeeping Services from Ascensus



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 from the plan. The Ascensus *Individual(k)* program may be right for you if you meet these requirements.

- Your 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).
- Your 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 you decide to establish an *Individual(k)* plan, 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.



Non-spousal corporations and nonprofit businesses do not meet the conditions to establish an Ascensus *Individual(k)* plan. Contact the Ascensus Sales Desk at 800-345-6363, Option 1 to discuss other options.

Broadened Eligibility Requirements

For plan years that begin on or after January 1, 2021, employees who have satisfied the plan's minimum age requirements and have three consecutive 12-month periods of 500 hours of service must be allowed to make salary deferrals to the plan. Since the *Individual(k)* plan is designed exclusively for owner-only businesses, if "less than full-time" non-owner employees meet this requirement the business would no longer be eligible for the Ascensus *Individual(k)* product.

Effective for 2025 and later plan years, this requirement is reduced to two consecutive 12-month periods of 500 hours of service.

Deadline Changes for First Year Plans

Effective for plan years starting after December 31, 2019 and later taxable years, employers can sign and adopt a new *Individual(k)* plan as late as their tax return due date (plus extensions). **NOTE:** *Only employer contributions can be funded and treated as being taxable for the prior year.*

Beginning with plan years starting after December 31, 2022 and later taxable years, owners of a sole proprietor or of a single-member LLC will have until their tax return due date (excluding extensions) to sign and adopt a new *Individual(k)* plan and fully fund – including retroactive salary deferrals for the prior tax year.

Once you've decided to establish an *Individual(k)* plan, please have this information ready before you start...

- Visit the IRS website www.irs.gov/businesses to obtain your EIN
- Obtain the six-digit Business Code at www.irs.gov/instructions/i5500ez
- Employer plan contact telephone number, mailing address and email address
- Designation of Successor Plan Administrator/Trustee telephone number, mailing address and email address
- Owner/Participant(s) information:
 - Social Security Number
 - Home address
 - Date of Birth
 - Date of Hire
 - Date of Participation
 - Pershing Account Number

Action Steps...

Forms	Completed
Ascensus Recordkeeping Service Application (including the Designation of Successor Plan Administrator/Trustee form)	<input type="checkbox"/>
Plan Design Questionnaire (PDQ)	<input type="checkbox"/>

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.**
2. Ascensus will prepare and post the signature ready documents to our secure electronic signature website, Sertifi.
3. The employer will receive an email notification to review and electronically sign the plan documents and Recordkeeping Service Agreement. After the employer has signed all documents, the designated successor plan administrator/trustee appointed in the Ascensus Recordkeeping Service Application will receive a separate email notification to electronically sign accepting the designation. The financial advisor will also be copied on the email notifications.
4. The employer should retain a copy of the plan documents. The documents can be printed and saved after all signatures are received.
5. Ascensus will email a Welcome Packet to you once your plan has completed installation. Your Welcome Packet will provide you with instructions on funding your newly established Individual(k) plan, a guide for administering your plan, and certain operational forms.
6. You will receive an invoice with payment options for the installation and first year's annual fee after your plan has completed installation.



Plan documents will not be prepared if the Plan Establishment Kit 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). If you have any questions, please call the Ascensus Sales Desk at 800-345-6363, Option 1.

ASCENSUS RECORDKEEPING SERVICE APPLICATION

Complete this form and return a copy to Ascensus only if selecting Ascensus as the recordkeeper.

Plan Information

Name of Plan Sponsor <i>(This person is typically the business owner and will sign as adopting employer on the Adoption Agreement)</i>	
Title of Plan Sponsor	
Mailing Address <i>(P.O. box is not permitted)</i>	
City, State, Zip	
Telephone Number	
Fax Number	
Email Address <i>(Required)</i>	
Business Code ¹	_____

¹The 6-digit Business Code can be obtained at www.irs.gov/instructions/i5500ez. The list can be found under the selection titled Forms 5500, 5500-SF, and 5500-EZ codes for Principal Business Activity.

Employer Plan Contact

(complete only if different than plan sponsor (employer) information above)

Employer Contact Name	
Mailing Address <i>(P.O. box is not permitted)</i>	
City, State, Zip	
Telephone Number	
Fax Number	
Email Address <i>(Required)</i>	

Trustee Appointment

Ascensus requires you to assign someone (generally yourself) to act as trustee for the plan. Complete only if trustee and plan sponsor (employer) are different individuals.

Name of Trustee <i>(Required if trustee and plan sponsor are different individuals)</i>	
Title of Trustee	
Mailing Address <i>(P.O. box is not permitted)</i>	
City, State, Zip	
Telephone Number	
Email Address <i>(Required)</i>	

Financial Advisor Information

Name of Financial Advisor	
Name of Firm	
Mailing Address	
City, State, Zip	
Telephone Number	
Fax Number	
Email Address <i>(Required)</i>	

**Designation of
Successor Plan
Administrator/Trustee**

If you are the sole owner of the business sponsoring the plan, you must designate a successor plan administrator/trustee. The designated successor plan administrator/trustee must sign, accepting associated responsibilities.

If I am the sole owner of the business sponsoring the plan, the following individual will become the successor plan administrator/trustee of the plan upon my death for purposes of plan termination and liquidation. Upon presentation of certified proof of death, Ascensus is authorized to process payout request(s) in accordance with the instructions provided by the successor plan administrator/trustee. I understand that I must inform Ascensus in writing of any change to this designation. Absent any written notification, Ascensus will rely on the designation on file.

Name of Successor Plan Administrator/Trustee	
Mailing Address	
City, State, Zip	
Telephone Number	
Email Address (Required)	

NOTE: A signature-ready document will be emailed to the designated successor plan administrator/trustee to accept the responsibilities associated with this designation.

**Participant #1
Information**

Account numbers must be provided for each participant.
NOTE: Pershing account is required to be setup as an Omnibus.

Participant Name	
Social Security Number	_____ - _____ - _____
Home Address	
City, State, Zip	
Date of Birth (Month/Day/Year)	____ / ____ / _____
Date of Hire (Month/Day/Year)	____ / ____ / _____
Date of Participation (Month/Day/Year)	____ / ____ / _____
Pershing Owner/Trustee Account Number	_____ - _____ -1- _____ Plan Type O
Pershing Owner/Trustee Roth* Account Number*	_____ - _____ -1- _____ Plan Type O

Check here if you are the spouse of a second participant in this plan.

**Participant #2
Information**

Participant Name	
Social Security Number	_____ - _____ - _____
Home Address	
City, State, Zip	
Date of Birth (Month/Day/Year)	____ / ____ / _____
Date of Hire (Month/Day/Year)	____ / ____ / _____
Date of Participation (Month/Day/Year)	____ / ____ / _____
Pershing Participant Account Number	_____ - _____ -1- _____ Plan Type O
Pershing Participant Roth* Account Number*	_____ - _____ -1- _____ Plan Type O

**Participant #3
Information**

Participant Name	
Social Security Number	____ - ____ - _____
Home Address	
City, State, Zip	
Date of Birth (Month/Day/Year)	____ / ____ / _____
Date of Hire (Month/Day/Year)	____ / ____ / _____
Date of Participation (Month/Day/Year)	____ / ____ / _____
Pershing Participant Account Number	____ - _____ -1- _____ Plan Type O
Pershing Participant Roth* Account Number*	____ - _____ -1- _____ Plan Type O

*Roth elective deferrals are held in a separate account, any net gain or loss in that investment account is applied to only the Roth elective deferrals.

NOTE: *Additional fees apply for each additional participant and/or additional account or Roth account.*

Individual(k) Plan Design Questionnaire

This Plan Design Questionnaire (PDQ) gathers information needed to prepare an Ascensus pre-approved plan document.

Part I – Plan Design Information

Name of Adopting Employer <i>(Name of business (e.g., Johnson Consulting Services))</i>	
Employer Identification Number (EIN) The Employer Identification Number (EIN) must be that of the business entity, not your social security number as the owner of the business, even for a sole proprietorship. NOTE: <i>If you haven't already done so, visit the IRS website www.irs.gov/businesses to apply for an EIN.</i>	_____ - _____
Trust Identification Number (TIN) A Trust Identification Number (TIN) is only used if the plan has a separate tax identification number assigned to it that is different from the adopting employer's EIN. This question should be left blank if the plan does not have a separate tax identification number.	_____ - _____
Employer's Tax Year End (Month/Day) <i>(If no date is entered, your tax year end will be defaulted to December 31.)</i>	____ / ____
Type of Business Organization (select one)	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> C Corp <input type="checkbox"/> S Corp <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Other _____
Name of Plan The name of plan should be different from the name of adopting employer and should indicate the plan type (e.g., Johnson Consulting Services <i>Individual(k)</i> Plan)	
Internal Revenue Service (IRS) three digit Plan Sequence Number (e.g., 001) <i>(If no number is entered, your plan sequence number will be defaulted to "001")</i> 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.	_____

Part II – Plan Effective Dates Complete A or B (and C, only if applicable)

A. New Plan Effective Date (Month/Day/Year) An <i>Individual(k)</i> plan is designed to operate on the same 12-month period as your business tax year. For many businesses, this means that the plan year will generally run January 1 through December 31. As a general rule, you will want to establish your <i>Individual(k)</i> plan effective as of January 1 of the calendar-year in which you are establishing the plan. The effective date determines the measuring period in determining compensation to be used for profit sharing allocations. Choosing a date other than the first day of the plan year will create a short plan year. If a short plan year is elected, you must consider the impact on compensation for contributions (e.g., only compensation earned during the plan year can be included and contribution limits will generally be prorated). NOTE: <i>A new plan is typically a start-up plan with no assets (e.g., a plan not moving from another brokerage or investment firm).</i>	____ / ____ / ____
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<p>B. Existing Plan Amendment or Restatement Date Initial Plan Document Effective Date (Month/Day/Year) The initial plan effective date can be found on the prior plan document. NOTE: A restatement of an existing plan is a takeover plan with existing assets. Ascensus will request additional information from you regarding your prior plan once your plan is established.</p>	<p>____ / ____ / ____</p>
<p>B1. Existing Plan Effective Date of this amendment or restatement (Month/Day/Year) The restatement or amendment effective date will default to 15 days after Ascensus receives this PDQ in good order, unless a later date is indicated.</p>	<p>____ / ____ / ____</p>
<p>C. Frozen Plan Effective Date (Month/Day/Year) If the plan is a frozen plan a date is required. NOTE: The employer will not make additional contributions to the plan after the date the plan was frozen.</p>	<p>____ / ____ / ____</p>

Part III – Eligibility

<p>Age (select one) There is no age requirement to participate in the plan, unless an age is indicated. The age requirement, if indicated, cannot exceed age 21.</p>	<p><input type="checkbox"/> Age 18 <input type="checkbox"/> Age 21 <input type="checkbox"/> Other _____ (no greater than age 21)</p>
<p>Service No years of eligibility service will be required to participate in the plan unless a different eligibility requirement is indicated. The eligibility requirement may not exceed 12 months. NOTE: A year of eligible service is defined as completion of 1,000 hours of service during the eligibility computation period, unless less than one year of service is required.</p>	<p><input type="checkbox"/> 1 year (12 months) <input type="checkbox"/> Other _____ (no greater than 12 months)</p>
<p>Age and Eligibility Waiver (Month/Day/Year) You may add this provision if your business was only recently established in order to avoid excluding yourself from participation because you have included a service requirement for eligibility which you have not met. The waiver will only apply if you specify a date. NOTE: All employees will be eligible on the specified date unless you define classes of employees that will be subject to the waiver (e.g., owners, owners and spouses, business partners).</p>	<p>____ / ____ / ____</p>

Part IV – Contributions

<p>This plan allows for pretax elective deferrals, Roth elective deferrals and employer profit sharing contributions.</p>

Plan Design Highlights and Defaults

In addition to the choices made on the prior pages, the following plan provisions will apply to the plan.

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 services means an eligibility computation period in which an employee completes 1,000 hours of service. **CAUTION:** For plan years that begin on or after January 1, 2021, employees who have satisfied the plan's minimum age requirement and have three consecutive 12-month periods of 500 hours of service must be allowed to make salary deferrals to the plan. Since the *Individual(k)* plan is designed exclusively for owner-only businesses, if "less than full-time" non-owner employees meet this requirement the business would no longer be eligible for the Ascensus *Individual(k)* product. **NOTE:** *Effective for 2025 and later plan years, this requirement is reduced to two consecutive 12-month periods of 500 hours of service.*

Entry Dates. Plan entry dates will be the first day of the seventh month of the plan year (semi-annual entry dates).

Excludable Employees. Employees under age 21, those who have less than one year of service, nonresident aliens, and union employees are generally permitted to be excluded from the plan. All other employees of the adopting employer and employees of related employer cannot be excluded from the plan.

Contributions

Effective Dates for Elective Deferrals. The effective date for elective deferrals is the next payroll date coinciding with or following the later of the date the Adoption Agreement is signed or becomes effective.

Elective Deferral Defined. The term elective deferral and all elections regarding elective deferrals include both pretax and Roth deferrals. An *Individual(k)* plan allows you to contribute dollars into the plan in a form of a salary deferral. The traditional salary deferral contributions are pre-tax. Roth contributions can be made to *Individual(k)* plans on an after-tax basis with contributions and earnings tax-free at the time of distribution (subject to certain rules). The IRS places an annual limit on the amount of salary deferral contributions (including Roth) you can make during the calendar year.

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

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. The profit sharing contribution cannot exceed 25 percent of eligible compensation.

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 an eligible retirement plan. An eligible qualified plan may include (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.

In-Plan Roth Rollovers. In-plan Roth rollovers are permitted in the plan. **NOTE:** *the plan must permit Roth elective deferrals in order to have in-plan Roth rollovers.*

Nondeductible Employee Contributions. Nondeductible employee contributions are non-Roth after-tax contributions. Nondeductible employee contributions are not permitted in the Ascensus *Individual(k)* product.

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.

Distributions and Loans

A participant's balance will be available for distribution when the participant terminates employment, attains 59½, incurs a disability, dies, attains normal retirement age, or upon plan termination. Rollover contributions may be withdrawn at any time.

Hardship Distributions. Hardship withdrawals are permitted only if the withdrawal is needed to meet an "immediate and heavy" financial need. In addition, a hardship withdrawal is available only if all other resources have been exhausted. Including distributions from rollover accounts and/or after-tax accounts, and accounts available for in-service distributions. The IRS has established "safe harbor" guides for hardship withdrawals.

In-Service Distributions of Profit Sharing Contributions. An in-service withdrawal is a withdrawal of all or a part of the individual account attributable to employer profit sharing contributions when you are still employed. **NOTE:** *In order to access your employer contributions for purposes of an in-service withdrawal, the following must generally be satisfied: a) the participant must be a participant in the plan for five or more years or b) if the participant has been a participant in the plan for less than five years, may only withdraw the amount which has been in the account for at least two full plan years, measured from the date the contributions were allocated.*

Loans. The plan will have the flexibility to take a loan. If this is a reinstatement of an existing plan with an outstanding loan, the loan must be current with payments and a copy of the amortization schedule will be required. **NOTE:** *The Ascensus Individual(k) product allows for only one outstanding participant loan at a time.*

Coronavirus Related Loan (CRL) provisions. If this is an existing plan and loans were otherwise permitted from the plan, a qualified individual was entitled to request a loan pursuant to the enhanced loan maximum amounts and utilize the extended repayment terms as allowed under the CARES Act during March 27, 2020 and September 22, 2020.

Miscellaneous

Custodian. A custodian is often the trading organization for the plan. A named custodian is not required for the plan since a trustee is being appointed.

Investment Elections. Life insurance and qualified longevity annuity contracts are not permitted as investment options in the Ascensus *Individual(k)* product.

Limited Trustee. The limited trustee appointed solely for purposes of ensuring timely collection of deposit of contributions will default to the named individual trustee.

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

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

Trustee. Ascensus requires you to assign someone (generally the employer) to act as trustee for the plan. The plan default will be individual trustee.

Agreement and Signature

1. I have read and understand the choices elected within this *Individual(k)* Plan Establishment Kit. The information provided in this Plan Establishment Kit 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 there are no related employers (e.g., controlled, common control, or affiliated service group members) required by law to participate in 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 Plan Establishment Kit. 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 am responsible for providing written notification to Ascensus if the contact information changes.
5. I understand that this Plan Establishment Kit is not an Adoption Agreement. Upon receipt of this Plan Establishment Kit, Ascensus will create signature-ready documents along with other materials, including the Recordkeeping Service Agreement and the Designation of Successor Plan Administrator/Trustee form. Effective for plan years starting after 12/31/2019 and later taxable years, employers can sign as late as their tax return due date plus extensions. **NOTE:** *New plans adopted under this rule can only fund employer contributions and treat them as having been made for the prior taxable year. Beginning with plan years starting after 12/31/2022 and later taxable years, owners of a sole proprietor or single-member LLC will have until their tax return due date (excluding extensions) to sign and adopt a new Individual(k) plan and fully fund – including retroactive elective deferrals for the prior tax year. For an amended or restated plan, the date signed should generally be no later than the amendment or restatement effective date.*
6. I understand that the Plan Establishment Kit must be submitted to Ascensus with a completed Ascensus Recordkeeping Service Application before my Adoption Agreement will be prepared and delivered to me.
7. I understand that after the plan documents have been signed, future changes to plan provisions can be made only by a formal plan amendment.

Authorized Signature

Name

Date

Return the Plan Establishment Kit to Ascensus.

Fax 218-855-6010

Email individual_k@ascensus.com

Regular Mail

Ascensus, *Individual(k)*
PO Box 599, Fort Washington, PA 19034

Express or Overnight Mail

Ascensus, *Individual(k)*
575 Pinetown Road #599, 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.