

FRANKLIN TEMPLETON SMALL BUSINESS RETIREMENT PLANS



EMPLOYER'S WORKBOOK & FORMS

- SIMPLE IRA
- SEP IRA



FRANKLIN TEMPLETON
INVESTMENTS

Franklin • Templeton • Mutual Series



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For assistance with completing forms and documents, please contact your financial advisor or Franklin Templeton Retirement Services at **(800) 527-2020**.

Franklin Templeton SIMPLE IRA

How to Get Started

1. Complete and sign the **SIMPLE IRA Employer Agreement** (IRS Form 5304-SIMPLE) on pages 3 and 4.
2. Complete and sign the **eContributions Services Employer Application** on page 13 and **eContributions New User Request Form** on page 15 to set up electronic delivery of your payroll contribution instructions.* *eContributions* is a secure, proprietary, online payroll contribution instruction system that provides a cost-efficient way to transmit plan contribution instructions, as well as access to current or historical participant contribution information.
3. Inform your employees that you've established a Franklin Templeton SIMPLE IRA. A sample **Employee Notification** is provided on page 5. Employees must also receive a copy of the completed **SIMPLE IRA Employer Agreement** (pages 3 and 4) 60 days prior to becoming eligible for the plan. (Note: SIMPLE IRAs must be adopted by October of the first plan year.) You should also provide your employees with the **Franklin Templeton SIMPLE IRA Employee's Guide** and the **Franklin Templeton SIMPLE and SEP IRA Employee's Forms Booklet**. Ask your financial advisor for these employee materials, order them online at franklintempleton.com or call Franklin Templeton at **(800) 527-2020**. Your financial advisor can also meet with your employees to explain the plan in more detail.
4. After reviewing prospectuses, employees will need to decide which Franklin Templeton funds they'd like to invest in and must complete a **Franklin Templeton SIMPLE/SEP IRA Application** (included in the Franklin Templeton SIMPLE and SEP IRA Employee's Forms Booklet). Employees must also complete a **Salary Reduction Agreement** (sample provided on page 6). If an employee would like to transfer a SIMPLE IRA account from another trustee to Franklin Templeton, he/she will also need to complete a **Franklin Templeton SIMPLE/SEP IRA Transfer Request Form** (included in the Franklin Templeton SIMPLE and SEP IRA Employee's Forms Booklet).
5. Send copies of the completed **SIMPLE IRA Employer Agreement, eContributions Services Employer Application, eContributions New User Request Form**, and all **SIMPLE/SEP IRA employee applications** to one of the addresses noted below. You should be sure to keep copies for your records. If including a check, be sure to include instructions for allocating the contributions to each participant. Future contribution instructions will be submitted online through *eContributions* at ftecontributions.com.

* There is no fee to use eContributions, but there may be a fee assessed to those electing not to use the system.

Please mail to WEST COAST	EAST COAST	OVERNIGHT ADDRESS
Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services P.O. Box 997153 Sacramento, CA 95899-7153	Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services P.O. Box 33033 St. Petersburg, FL 33733-8033	Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services 3344 Quality Drive Rancho Cordova, CA 95670-7313

SIMPLE IRA Employer Contribution Worksheet

We've provided the following worksheet to help you estimate your matching contributions and compare the potential costs between the employer contribution options. In Option 1, you can estimate both the standard 3% match as well as the 1% match available in any two out of five years. Option 2 provides the calculation for a standard 2% match. Remember that your actual contributions will vary each year depending on the number of eligible employees, their compensation, the number of employees who elect to make salary reduction contributions and the amount of their contributions.

Option 1: Employer Matching Contribution	Example	Your Company
1. Average annual pre-tax compensation of eligible employees you expect will contribute to the plan.	\$ 30,000	\$ _____
2. Average percentage of salary you estimate participants will defer to the plan.	5%	_____ %
3. Average participant contribution (<i>multiply line 1 by line 2</i>).	\$ 1,500	\$ _____
4. Total number of eligible employees you expect will contribute to the plan.	10	_____
5. Multiply line 1 by 3% to get the average employer matching contribution: 3% match . ¹	\$ 900	\$ _____
6. Multiply line 5 by line 4 to get your total matching contribution.	\$ 9,000	\$ _____

— OR —

7. Multiply line 1 by 1% to get the average employer matching contribution: 1% match . ²	\$ 300	\$ _____
8. Multiply line 7 by line 4 to get your total matching contribution.	\$ 3,000	\$ _____

Option 2: Employer Non-Elective Contribution	Example	Your Company
1. Average annual compensation of your eligible employees. ³	\$ 30,000	\$ _____
2. Average employer contribution per eligible employee (<i>multiply line 1 by 2%</i>).	\$ 600	\$ _____
3. Total number of eligible employees.	10	_____
Multiply line 2 by line 3 to get the total estimated annual employer contribution with a 2% non-elective contribution option.	\$ 6,000	\$ _____

It may be possible to switch between these two contribution options in a future year, provided certain notification requirements are met.

1. Maximum annual employer contribution limit per participating employee is 3% of an employee's compensation or \$11,500 in 2010 and 2011, whichever is less. This worksheet assumes the average percentage of salary deferred by employees is 3% or more.

2. Available in any two out of five years.

3. Maximum compensation on which employer non-elective contributions can be based is \$245,000 for 2010 and 2011.

SIMPLE IRA Employer Agreement

Form

5304-SIMPLE

(Rev. September 2008)
Department of the Treasury
Internal Revenue Service

Franklin Templeton Bank & Trust

Savings Incentive Match Plan for
Employees of Small Employers (SIMPLE)
(Not for Use With a Designated Financial Institution)

OMB No. 1545-1502

DO NOT
FILE WITH THE INTERNAL
REVENUE SERVICE

_____ establishes the following SIMPLE IRA plan under Section 408(p) of the Internal Revenue Code and pursuant to the instructions contained in this form.

ARTICLE I—EMPLOYEE ELIGIBILITY REQUIREMENTS

(Complete applicable box(es) and blanks—see instructions.)

1. GENERAL ELIGIBILITY REQUIREMENTS. The Employer agrees to permit salary reduction contributions to be made in each calendar year to the SIMPLE IRA established by each employee who meets the following requirements (select either 1a or 1b):

- a** **FULL ELIGIBILITY.** All employees are eligible.
b **LIMITED ELIGIBILITY.** Eligibility is limited to employees who are described in both (i) and (ii) below:

(i) CURRENT COMPENSATION. Employees who are reasonably expected to receive at least \$_____ in compensation (not to exceed \$5,000) for the calendar year.

(ii) PRIOR COMPENSATION. Employees who have received at least \$_____ in compensation (not to exceed \$5,000) during any _____ calendar year(s) (insert 0, 1, or 2) preceding the calendar year.

2. EXCLUDABLE EMPLOYEES

The Employer elects to exclude employees covered under a collective bargaining agreement for which retirement benefits were the subject of good faith bargaining.

Note: This box is deemed checked if the Employer maintains a qualified plan covering only such employees.

ARTICLE II—SALARY REDUCTION AGREEMENTS

(Complete the box and blank, if applicable—see instructions.)

1. SALARY REDUCTION ELECTION. An eligible employee may make an election to have his or her compensation for each pay period reduced. The total amount of the reduction in the employee's compensation for a calendar year cannot exceed the applicable amount for that year.

2. TIMING OF SALARY REDUCTION ELECTIONS

a For a calendar year, an eligible employee may make or modify a salary reduction election during the 60-day period immediately preceding January 1 of that year. However, for the year in which the employee becomes eligible to make salary reduction contributions, the period during which the employee may make or modify the election is a 60-day period that includes either the date the employee becomes eligible or the day before.

b In addition to the election periods in 2a, eligible employees may make salary reduction elections or modify prior elections _____,

_____.

If the Employer chooses this option, insert a period or periods (for example, semi-annually, quarterly, monthly, or daily) that will apply uniformly to all eligible employees.

c No salary reduction election may apply to compensation that an employee received, or had a right to immediately receive, before execution of the salary reduction election.

d An employee may terminate a salary reduction election at any time during the calendar year. If this box is checked, an employee who terminates a salary reduction election not in accordance with 2b may not resume salary reduction contributions during the calendar year.

ARTICLE III—CONTRIBUTIONS

(Complete the blank, if applicable—see instructions.)

1. SALARY REDUCTION CONTRIBUTIONS. The amount by which the employee agrees to reduce his or her compensation will be contributed by the Employer to the employee's SIMPLE IRA.

2a. MATCHING CONTRIBUTIONS

(i) For each calendar year, the Employer will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year.

(ii) The Employer may reduce the 3% limit for the calendar year in (i) only if:

- (1)** The limit is not reduced below 1%;
(2) The limit is not reduced for more than 2 calendar years during the 5-year period ending with the calendar year the reduction is effective; and
(3) Each employee is notified of the reduced limit within a reasonable period of time before the employees' 60-day election period for the calendar year (described in Article II, item 2a).

b. NONELECTIVE CONTRIBUTIONS

(i) For any calendar year, instead of making matching contributions, the Employer may make nonelective contributions equal to 2% of compensation for the calendar year to the SIMPLE IRA of each eligible employee who has at least \$_____. (not more than \$5,000) in compensation for the calendar year. No more than \$230,000* in compensation can be taken into account in determining the nonelective contribution for each eligible employee.

(ii) For any calendar year, the Employer may make 2% nonelective contributions instead of matching contributions only if:

- (1)** Each eligible employee is notified that a 2% nonelective contribution will be made instead of a matching contribution; and

(2) This notification is provided within a reasonable period of time before the employees' 60-day election period for the calendar year (described in Article II, item 2a).

3. TIME AND MANNER OF CONTRIBUTIONS

a The Employer will make the salary reduction contributions (described in 1 above) for each eligible employee to the SIMPLE IRA established at the financial institution selected by that employee no later than 30 days after the end of the month in which the money is withheld from the employee's pay. See instructions.

b The Employer will make the matching or nonelective contributions (described in 2a and 2b above) for each eligible employee to the SIMPLE IRA established at the financial institution selected by that employee no later than the due date for filing the Employer's tax return, including extensions, for the taxable year that includes the last day of the calendar year for which the contributions are made.

**This is the amount for 2008. For later years, the limit may be increased for cost of living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS' internet website at www.irs.gov.*

ARTICLE IV—OTHER REQUIREMENTS AND PROVISIONS

1. CONTRIBUTIONS IN GENERAL. The Employer will make no contributions to the SIMPLE IRAs other than salary reduction contributions (described in Article III, item 1) and matching or nonelective contributions (described in Article III, items 2a and 2b).

2. VESTING REQUIREMENTS. All contributions made under this SIMPLE IRA plan are fully vested and nonforfeitable.

3. NO WITHDRAWAL RESTRICTIONS. The Employer may not require the employee to retain any portion of the contributions in his or her SIMPLE IRA or otherwise impose any withdrawal restrictions.

4. SELECTION OF IRA TRUSTEE. The Employer must permit each eligible employee to select the financial institution that will serve as the trustee, custodian, or issuer of the SIMPLE IRA to which the Employer will make all contributions on behalf of that employee.

5. AMENDMENTS TO THIS SIMPLE IRA PLAN. This SIMPLE IRA plan may not be amended except to modify the entries inserted in the blanks or boxes provided in Articles I, II, III, VI and VII.

6. EFFECTS OF WITHDRAWALS AND ROLLOVERS

a An amount withdrawn from the SIMPLE IRA is generally includible in gross income. However, a SIMPLE IRA balance may be rolled over or transferred on a tax-free basis to another IRA designed

solely to hold funds under a SIMPLE IRA plan. In addition, an individual may roll over or transfer his or her SIMPLE IRA balance to any IRA after a two-year period has expired since the individual first participated in any SIMPLE IRA plan of the Employer. Any rollover or transfer must comply with the requirements under Section 408.

b If an individual withdraws an amount from a SIMPLE IRA during the 2-year period beginning when the individual first participated in any SIMPLE IRA plan of the Employer and the amount is subject to the additional tax on early distributions under Section 72(t), this additional tax is increased from 10% to 25%.

ARTICLE V—DEFINITIONS

1. COMPENSATION

a GENERAL DEFINITION OF COMPENSATION.

Compensation means the sum of the wages, tips and other compensation from the Employer subject to federal income tax withholding [as described in Section 6051(a)(3)], the amounts paid for domestic service in a private home, local college club, or local chapter of a college fraternity or sorority, and the employee's salary reduction contributions made under this plan, and, if applicable, elective deferrals under a Section 401(k) plan, a SARSEP, or a Section 403(b) annuity contract and compensation deferred under a Section 457 plan required to be reported by the Employer on Form W-2 [as described in Section 6051(a)(8)].

b COMPENSATION FOR SELF-EMPLOYED INDIVIDUALS.

For self-employed individuals, compensation means the net earnings from self-employment determined under Section 1402(a), without regard to section 1402(c)(6), prior to subtracting any contributions made pursuant to this plan on behalf of the individual.

2. EMPLOYEE. Employee means a common-law employee of the Employer. The term employee also includes a self-employed individual and a leased employee described in Section 414(n) but does not include a nonresident alien who received no earned income from the Employer that constitutes income from sources within the United States.

3. ELIGIBLE EMPLOYEE. An eligible employee means an employee who satisfies the conditions in *Article I, item 1* and is not excluded under *Article I, item 2*.

4. SIMPLE IRA. A SIMPLE IRA is an individual retirement account described in Section 408(a), or an individual retirement annuity described in Section 408(b), to which the only contributions that can be made are contributions under a SIMPLE IRA plan and rollovers or transfers from another SIMPLE IRA.

ARTICLE VI—PROCEDURES FOR WITHDRAWAL

[The Employer will provide each employee with the procedures for withdrawals of contributions received by the financial institution selected by that employee, and that financial institution's name and address (by attaching that information or inserting it in the space below) unless: (1) that financial institution's procedures are unavailable, or (2) that financial institution provides the procedures directly to the employee. See sample Employee Notification on page 5.]

ARTICLE VII—EFFECTIVE DATE

This SIMPLE IRA plan is effective _____ . (See instructions.)

Name of Employer

Address of Employer

By: Signature

Date

Name and Title

Model Notification to Eligible Employees

I. Opportunity to Participate in the SIMPLE IRA Plan

You are eligible to make salary reduction contributions to the _____ (plan sponsor's name) SIMPLE IRA plan. This notice and the attached summary description provide you with information you should consider before you decide whether to start, continue or change your salary reduction agreement.

II. Employer Contribution Election

For the ____ calendar year, the employer elects to contribute to your SIMPLE IRA [employer must select either (1), (2) or (3)]:

- (1) A matching contribution equal to your salary reduction contributions up to a limit of 3% of your compensation for the year;
- (2) A matching contribution equal to your salary reduction contributions up to a limit of ____% (employer must insert a number from 1 to 3 and is subject to certain restrictions) of your compensation for the year; or
- (3) A nonelective contribution equal to 2% of your compensation for the year (limited to \$230,000*) if you are an employee who makes at least \$_____ (employer must insert an amount that is \$5,000 or less) in compensation for the year.

III. Administrative Procedures

To start or change your salary reduction contributions, you must complete the salary reduction agreement and return it to _____ (employer should designate a place or individual) by _____ (employer should insert a date that is not less than 60 days after notice is given).

IV. Employee Selection of Financial Institution

You must select the financial institution that will serve as the trustee, custodian or issuer of your SIMPLE IRA and notify your employer of your selection.

**This is the amount for 2008. For later years, the limit may be increased for cost of living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS website at www.irs.gov.*

(continued)

Model Salary Reduction Agreement

I. Salary Reduction Election

Subject to the requirements of the SIMPLE IRA plan of _____ (name of employer) I authorize _____% or \$_____ (which equals _____% of my current rate of pay) to be withheld from my pay for each pay period and contributed to my SIMPLE IRA as a salary reduction contribution.

II. Maximum Salary Reduction

I understand that the total amount of my salary reduction contributions in any calendar year cannot exceed the applicable amount for that year. See instructions.

III. Date Salary Reduction Begins

I understand that my salary reduction contributions will start as soon as permitted under the SIMPLE IRA plan and as soon as administratively feasible or, if later, _____. (Fill in the date you want the salary reduction contributions to begin. The date must be after you sign the agreement.)

IV. Employee Selection of Financial Institution

I select the following Financial Institution to serve as the trustee, custodian, or issuer of my SIMPLE IRA.

Franklin Templeton Bank & Trust, F.S.B.

Name of financial institution

One Franklin Parkway, San Mateo, CA 94403-1906

Address of financial institution

SIMPLE IRA account name and number

I understand that I must establish a SIMPLE IRA to receive any contributions made on my behalf under this SIMPLE IRA plan. If the information regarding my SIMPLE IRA is incomplete when I first submit my salary reduction agreement, I realize that it must be completed by the date contributions must be made under the SIMPLE IRA plan. If I fail to update my agreement to provide this information by that date, I understand that my employer may select a financial institution for my SIMPLE IRA.

V. Duration of Election

This salary reduction agreement replaces any earlier agreement and will remain in effect as long as I remain an eligible employee under the SIMPLE IRA plan or until I provide my employer with a request to end my salary reduction contributions or provide a new salary reduction agreement as permitted under this SIMPLE IRA plan.

X _____
Signature of Employee

Date

GENERAL INSTRUCTIONS

Section references are to the Internal Revenue Code unless otherwise noted.

PURPOSE OF FORM

Form 5304-SIMPLE is a model Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) plan document that an employer may use to establish a SIMPLE IRA plan described in Section 408(p), under which each eligible employee is permitted to select the financial institution for his or her SIMPLE IRA.

These instructions are designed to assist in the establishment and administration of the SIMPLE IRA plan. They are not intended to supersede any provision in the SIMPLE IRA plan.

Do not file Form 5304-SIMPLE with the IRS. Instead, keep it with your records.

For more information, see Publication 560, *Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)*, and Publication 590, *Individual Retirement Arrangements (IRAs)*.

Note. If you used the March 2002 or August 2005 version of Form 5304-SIMPLE to establish a model Savings Incentive Match Plan, you are not required to use this version of the form.

WHICH EMPLOYERS MAY ESTABLISH AND MAINTAIN A SIMPLE IRA PLAN?

To establish and maintain a SIMPLE IRA plan, you must meet both of the following requirements:

1. Last calendar year, you had no more than 100 employees (including self-employed individuals) who earned \$5,000 or more in compensation from you during the year. If you have a SIMPLE IRA plan but later exceed this 100-employee limit, you will be treated as meeting the limit for the 2 years following the calendar year in which you last satisfied the limit.
2. You do not maintain during any part of the calendar year another qualified plan with respect to which contributions are made, or benefits are accrued, for service in the calendar year. For this purpose, a qualified plan [defined in Section 219(g)(5)] includes a qualified pension plan, a profit sharing plan, a stock bonus plan, a qualified annuity plan, a tax-sheltered annuity plan, and a Simplified Employee Pension (SEP) plan. A qualified plan that only covers employees covered under a collective bargaining agreement for which retirement benefits were the subject of good faith bargaining is disregarded if these employees are excluded from participating in the SIMPLE IRA plan. If the failure to continue to satisfy the 100-employee limit or the one-plan rule described in 1 and 2 above is due to an acquisition or similar transaction involving your business, special rules apply. Consult your tax advisor to find out if you can still maintain the plan after the transaction.

Certain related employers (trades or businesses under common control) must be treated as a single employer for purposes of the SIMPLE IRA requirements. These are: (1) a controlled group of corporations under section 414(b); (2) a partnership or sole proprietorship under common control under section 414(c); or (3) an affiliated service group under section 414(m). In addition, if you have leased employees required to be treated as your own employees under the rules of Section 414(n), then you must count all such leased employees for the requirements listed above.

WHAT IS A SIMPLE IRA PLAN?

A SIMPLE IRA plan is a written arrangement that provides you and your employees with an easy way to make contributions to provide retirement income for your employees. Under a SIMPLE IRA plan, employees may choose whether to make salary reduction contributions to the SIMPLE IRA plan rather than receiving these amounts as part of their regular compensation. In addition, you will contribute matching or nonelective contributions on behalf of eligible employees (see *Employee Eligibility Requirements and Contributions* section on page 7). All contributions under this plan will be deposited into a SIMPLE individual retirement account or annuity established for each eligible employee with the financial institution selected by him or her.

WHEN TO USE FORM 5304-SIMPLE

A SIMPLE IRA plan may be established by using this Model Form or any other document that satisfies the statutory requirements.

DO NOT use Form 5304-SIMPLE if:

1. You want to require that all SIMPLE IRA plan contributions initially go to a financial institution designated by you. That is, you do not want to permit each of your eligible employees to choose a financial institution that will initially receive contributions. Instead, use Form 5305-SIMPLE, *Savings Incentive Match Plan for Employees of Small Employers (SIMPLE)—for Use With a Designated Financial Institution*.
2. You want employees who are nonresident aliens receiving no earned income from you that constitutes income from sources within the United States to be eligible under this plan; or
3. You want to establish a SIMPLE 401(k) plan.

COMPLETING FORM 5304-SIMPLE

Form 5304-SIMPLE (pages 3 and 4) contains the operative provisions of your SIMPLE IRA plan. This SIMPLE IRA plan is considered adopted when you have completed all applicable boxes and blanks and it has been executed by you.

The SIMPLE IRA plan is a legal document with important tax consequences for you and your employees. You may want to consult with your attorney or tax advisor before adopting this plan.

EMPLOYEE ELIGIBILITY REQUIREMENTS (ARTICLE I)

Each year for which this SIMPLE IRA plan is effective, you must permit salary reduction contributions to be made by all of your employees who are reasonably expected to receive at least \$5,000 in compensation from you during the year, and who received at least \$5,000 in compensation from you in any two preceding years. However, you can expand the group of employees who are eligible to participate in the SIMPLE IRA plan by completing the options provided in Article I, items 1a and 1b. To choose full eligibility, check the box in Article I, item 1a. Alternatively, to choose limited eligibility, check the box in Article I, item 1b, and then insert "\$5,000" or a lower compensation amount (including zero) and "2" or a lower number of years of service in the blanks in (i) and (ii) of Article I, item 1b.

In addition, you can exclude from participation those employees covered under a collective bargaining agreement for which retirement benefits were the subject of good faith bargaining. You may do this by checking the box in Article I, item 2. Under certain circumstances, these employees must be excluded. See *Which Employers May Establish and Maintain a SIMPLE IRA Plan?* above.

SALARY REDUCTION AGREEMENTS (ARTICLE II)

As indicated in Article II, item 1, a salary reduction agreement permits an eligible employee to make a salary reduction election to have his or her compensation for each pay period reduced by a percentage (expressed as a percentage or dollar amount). The total amount of the reduction in the employee's compensation cannot exceed the applicable amount for any calendar year. The applicable amount is \$10,000 for 2006. After 2006, the \$10,000 amount may be increased for cost of living adjustments. In the case of an eligible employee who is 50 or older by the end of the calendar year, the above limitation is increased by \$2,000 for 2005 and by \$2,500 for 2006. After 2006, the \$2,500 amount may be increased for cost of living adjustments.

TIMING OF SALARY REDUCTION ELECTIONS

For any calendar year, an eligible employee may make or modify a salary reduction election during the 60-day period immediately preceding January 1 of that year. However, for the year in which the employee becomes eligible to make salary reduction contributions, the period during which the employee may make or modify the election is a 60-day period that includes either the date the employee becomes eligible or the day before.

You can extend the 60-day election periods to provide additional opportunities for eligible employees to make or modify salary reduction elections using the blank in Article II, item 2b. For example, you can provide that eligible employees may make new salary reduction elections or modify prior elections for any calendar quarter during the 30 days before that quarter.

You may use the *Model Salary Reduction Agreement* on page 6 to enable eligible employees to make or modify salary reduction elections.

Employees must be permitted to terminate their salary reduction elections at any time. They may resume salary reduction contributions for the year if permitted under Article II, item 2b. However, by checking the box in Article II, item 2d, you may prohibit an employee who terminates a salary reduction election outside the normal election cycle from resuming salary reduction contributions during the remainder of the calendar year.

CONTRIBUTIONS (ARTICLE III)

Only contributions described below may be made to this SIMPLE IRA plan. No additional contributions may be made.

SALARY REDUCTION CONTRIBUTIONS

As indicated in Article III, item 1, salary reduction contributions consist of the amount by which the employee agrees to reduce his or her compensation. You must contribute the salary reduction contributions to the financial institution selected by each eligible employee.

MATCHING CONTRIBUTIONS

In general, you must contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions. This matching contribution cannot exceed 3% of the employee's compensation. See *Definition of Compensation* below.

You may reduce this 3% limit to a lower percentage, but not lower than 1%. You cannot lower the 3% limit for more than two calendar years out of the five-year period ending with the calendar year the reduction is effective.

Note: If any year in the five-year period described above is a year before you first established any SIMPLE IRA plan, you will be treated as making a 3% matching contribution for that year for purposes of determining when you may reduce the employer matching contribution.

To elect this option, you must notify the employees of the reduced limit within a reasonable period of time before the applicable 60-day election periods for the year. See *Timing of Salary Reduction Elections* above.

NONELECTIVE CONTRIBUTIONS

Instead of making a matching contribution, you may, for any year, make a nonelective contribution equal to 2% of compensation for each eligible employee who has at least \$5,000 in compensation for the year. Nonelective contributions may not be based on more than \$220,000* of compensation.

To elect to make nonelective contributions, you must notify employees within a reasonable period of time before the applicable 60-day election periods for such year. See *Timing of Salary Reduction Elections* above.

Note: Insert "\$5,000" in Article III, item 2b(i) to impose the \$5,000 compensation requirement. You may expand the group of employees who are eligible for nonelective contributions by inserting a compensation amount lower than \$5,000.

EFFECTIVE DATE (ARTICLE VII)

Insert in Article VII the date you want the provisions of the SIMPLE IRA plan to become effective. You must insert January 1 of the applicable year unless this is the first year for which you are adopting any SIMPLE IRA plan. If this is the first year for which you are adopting a SIMPLE IRA plan, you may insert any date between January 1 and October 1, inclusive of the applicable year.

ADDITIONAL INFORMATION**TIMING OF SALARY REDUCTION CONTRIBUTIONS**

The employer must make the salary reduction contributions to the financial institution selected by each eligible employee for his or her SIMPLE IRA no later than the 30th day of the month following the month in which the amounts would otherwise have been payable to the employee in cash.

The Department of Labor has indicated that most SIMPLE IRA plans are also subject to Title I of the Employee Retirement Income Security Act of 1974 (ERISA). Under Department of Labor regulations at 29 CFR 2510.3-102, salary reduction contributions must be made to each participant's SIMPLE IRA as of the earliest date on which those contributions can reasonably be segregated from the employer's general assets, but in no event later than the 30-day deadline described above.

DEFINITION OF COMPENSATION

"Compensation" means the amount described in Section 6051(a)(3) [wages, tips and other compensation from the employer subject to federal income tax withholding under Section 3401(a)], and, amounts paid for domestic service in a private home, local college club, or local chapter of a college fraternity or sorority. Usually, this is the amount shown in box 1 of Form W-2, *Wage and Tax Statement*. For further information, see Publication 15, *Circular E, Employer's Tax Guide*.

Compensation also includes the salary reduction contributions made under this plan, and, if applicable, compensation deferred under a Section 457 plan. In determining an employee's compensation for prior years, the employee's elective deferrals under a Section 401(k) plan, a SARSEP or a Section 403(b) annuity contract are also included in the employee's compensation.

For self-employed individuals, compensation means the net earnings from self-employment determined under Section 1402(a), without regard to Section 1402(c)(6), prior to subtracting any contributions made pursuant to this SIMPLE IRA plan on behalf of the individual.

EMPLOYEE NOTIFICATION

You must notify each eligible employee prior to the employees' 60-day election period described above that he or she can make or change salary reduction elections and select the financial institution that will serve as the trustee, custodian or issuer of the employee's SIMPLE IRA. In this notification, you must indicate whether you will provide:

1. A matching contribution equal to your employees' salary reduction contributions up to a limit of 3% of their compensation;
2. A matching contribution equal to your employees' salary reduction contributions subject to a percentage limit that is between 1 and 3% of their compensation; or
3. A nonelective contribution equal to 2% of your employees' compensation.

You can use the *Model Notification to Eligible Employees* on page 5 to satisfy these employee notification requirements for this SIMPLE IRA plan. A *Summary Description* must also be provided to eligible employees at this time. This summary description requirement may be satisfied by providing a completed copy of Form 5304-SIMPLE (including the information described in *Article VI—Procedures for Withdrawals*).

If you fail to provide the employee notification (including the summary description) described above, you will be liable for a penalty of \$50 per day until the notification is provided. If you can show that the failure was due to reasonable cause, the penalty will not be imposed.

If the financial institution's name, address, or withdrawal procedures are not available at the time the employee must be given the summary description, you must provide the summary description without this information. In that case, you will have reasonable cause for not including this information in the summary description, but only if you ensure that it is provided to the employee as soon as administratively feasible.

REPORTING REQUIREMENTS

You are not required to file any annual information returns for your SIMPLE IRA plan, such as Forms 5500 or 5500-EZ. However, you must report to the IRS which eligible employees are active participants in the SIMPLE IRA plan and the amount of your employees' salary reduction contributions to the SIMPLE IRA plan on Form W-2. These contributions are subject to Social Security, Medicare, railroad retirement and federal unemployment tax.

DEDUCTING CONTRIBUTIONS

Contributions to this SIMPLE IRA plan are deductible in your tax year containing the end of the calendar year for which the contributions are made.

Contributions will be treated as made for a particular tax year if they are made for that year and are made by the due date (including extensions) of your income tax return for that year.

SUMMARY DESCRIPTION

Each year the SIMPLE IRA plan is in effect, the financial institution for the SIMPLE IRA of each eligible employee must provide the employer the information described in Section 408(l)(2)(B). This requirement may be satisfied by providing the employer a current copy of Form 5304-SIMPLE (including instructions) together with the financial institution's procedures for withdrawals from SIMPLE IRAs established at that financial institution, including the financial institution's name and address. The summary description must be received by the employer in sufficient time to comply with the *Employee Notification* requirements above.

There is a penalty of \$50 per day imposed on the financial institution for each failure to provide the summary description described above. However, if the failure was due to reasonable cause, the penalty will not be imposed.

PAPERWORK REDUCTION ACT NOTICE

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping 3 hr., 38 min.
Learning about the law or the form . . . 2 hr., 26 min.
Preparing the form 47 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send this form to this address. Instead, keep it with your records.

*This is the amount for 2006. For later years, the limit may be increased for cost of living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS website at www.irs.gov.

Franklin Templeton SEP IRA

How to Get Started

1. Complete and sign the **SEP IRA Employer Agreement** (IRS Form 5305-SEP) beginning on page 10. The original form should be kept by the employer, although it is not required to be filed with the IRS.
2. Complete and sign the **eContributions Services Employer Application** on page 13 and **eContributions New User Request Form** on page 15 to set up electronic delivery of your payroll contribution instructions.* *eContributions* is a secure, proprietary, online payroll contribution instruction system that provides a cost-efficient way to transmit plan contribution instructions, as well as access to current or historical participant contribution information.
3. Employees must receive a copy of the completed **SEP IRA Employer Agreement**. (Future employees added to the plan must receive a copy when they begin employment.) You should also provide employees with the **Franklin Templeton SEP IRA Employee's Guide** and the **Franklin Templeton SIMPLE and SEP IRA Employee's Forms Booklet**. Ask your financial advisor for these employee materials, order them online at franklintempleton.com or call Franklin Templeton at **(800) 527-2020**. Your financial advisor can also meet with your employees to explain the plan in more detail.
4. After reviewing prospectuses, employees will need to decide which Franklin Templeton funds they'd like to invest in and must complete a **Franklin Templeton SIMPLE/SEP IRA Application** (included in the Franklin Templeton SIMPLE and SEP IRA Employee's Forms Booklet). If an employee would like to transfer a SEP IRA account from another trustee to Franklin Templeton, he/she will also need to complete a **Franklin Templeton SIMPLE/SEP IRA Transfer Request Form** (included in the Franklin Templeton SIMPLE /SEP IRA Forms Booklet).
5. Send copies of the completed **eContributions Services Employer Application, eContributions New User Request Form**, and all **SIMPLE/SEP IRA employee applications** to one of the addresses noted below. You should be sure to keep copies for your records. If including a check, be sure to include instructions for allocating the contributions to each participant. Future contribution instructions will be submitted online through *eContributions* at ftecontributions.com.

*There is no fee to use eContributions, but there may be a fee assessed to those electing not to use the system.

Please mail to WEST COAST	EAST COAST	OVERNIGHT ADDRESS
Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services P.O. Box 997153 Sacramento, CA 95899-7153	Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services P.O. Box 33033 St. Petersburg, FL 33733-8033	Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services 3344 Quality Drive Rancho Cordova, CA 95670-7313

SEP IRA Employer Agreement

Form 5305-SEP (Rev. December 2004) Department of the Treasury Internal Revenue Service	Franklin Templeton Simplified Employee Pension—Individual Retirement Accounts Contribution Agreement Under Section 408(k) of the Internal Revenue Code	OMB NO. 1545-0499 DO NOT FILE WITH INTERNAL REVENUE SERVICE
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_____ (Name of employer) makes the following agreement under Section 408(k) of the Internal Revenue Code and the instructions to this form.

ARTICLE I—ELIGIBILITY REQUIREMENTS (Check applicable boxes—see instructions)

The employer agrees to provide discretionary contributions in each calendar year to the individual retirement account or individual retirement annuity (IRA) of all employees who are at least _____ years old (not to exceed 21 years old) and have performed services for the employer in at least _____ years (not to exceed 3 years) of the immediately preceding 5 years. This simplified employee pension (SEP) includes **does not** include employees covered under a collective bargaining agreement, includes **does not** include certain nonresident aliens, and includes **does not** include employees whose total compensation during the year is less than \$450.*

ARTICLE II—SEP REQUIREMENTS (See instructions)

The employer agrees that contributions made on behalf of each eligible employee will be:

- A. Based only on the first \$220,000* of compensation.
- B. The same percentage of compensation for every employee.
- C. Limited annually to the smaller of \$44,000* or 25% of compensation.
- D. Paid to the employee's IRA trustee, custodian, or insurance company (for an annuity contract).

 Employer's signature and date _____
 Name and title

INSTRUCTIONS

(Section references are to the Internal Revenue Code unless otherwise noted.)

Purpose of Form—Form 5305-SEP (Model SEP) is used by an employer to make an agreement to provide benefits to all eligible employees under a Simplified Employee Pension (SEP) described in Section 408(k).

Do not file Form 5305-SEP with the IRS. Instead, keep it with your records.

For more information on SEPs and IRAs, see Publication 560, *Retirement Plans for Small Business* (SEP, SIMPLE, and Qualified Plans), and Publication 590, *Individual Retirement Arrangements* (IRAs).

INSTRUCTIONS TO THE EMPLOYER

Simplified employee pension. A SEP is a written arrangement (a plan) that provides you with an easy way to make contributions toward your employees' retirement income. Under a SEP, you can contribute to an employee's traditional individual retirement account or annuity (Traditional IRA). You make contributions directly to an IRA set up by or for each employee with a bank, insurance company, or other qualified financial institution. When using Form 5305-SEP to establish a SEP, the IRA must be a Model Traditional IRA established on an IRS form or a master or prototype Traditional IRA for which the IRS has issued a favorable opinion letter. You may not make SEP contributions to a Roth IRA or a SIMPLE IRA. Making the agreement on Form 5305-SEP does not establish an employer IRA described in section 408(c).

When not to use Form 5305-SEP. Do not use this form if you:

- 1. Currently maintain any other qualified retirement plan. This does not prevent you from maintaining another SEP.

- 2. Have any eligible employees for whom IRAs have not been established.
- 3. Use the services of leased employees (described in Section 414(n)).
- 4. Are a member of an affiliated service group (described in Section 414(m)), a controlled group of corporations (described in Section 414(b)), or trades or businesses under common control (described in Sections 414(c) and 414(o)), unless all eligible employees of all the members of such groups, trades, or businesses participate in the SEP.
- 5. Will not pay the cost of the SEP contributions. Do not use Form 5305-SEP for a SEP that provides for elective employee contributions even if the contributions are made under a salary reduction agreement. Use Form 5305A-SEP, or a non-model SEP.

Note: SEPs permitting elective deferrals cannot be established after 1996.

Eligible employees. All eligible employees must be allowed to participate in the SEP. An eligible employee is any employee who: (1) is at least 21 years old, and (2) has performed "service" for you in at least 3 of the immediately preceding 5 years. You can establish less restrictive eligibility requirements, but not more restrictive ones.

Service is any work performed for you for any period of time, however short. If you are a member of an affiliated service group, a controlled group of corporations, or trades or businesses under common control, service includes any work performed for any period of time for any other member of such group, trades, or businesses.

Excludable employees. The following employees do not have to be covered by the SEP: (1) employees covered by a collective bargaining agreement whose retirement benefits were bargained for in good faith by you and their union, (2) nonresident alien employees who did not earn U.S. source income from you, and (3) employees who received less than \$450* in compensation during the year.

Contribution limits. You may make an annual contribution of up to 25% of the employee's compensation or \$44,000*, whichever is less. Compensation, for this purpose, does not include employer contributions to the SEP or the employee's compensation in excess of \$220,000.* If you also maintain a salary reduction SEP, contributions to the two SEPs together may not exceed the smaller of \$44,000* or 25% of compensation for any employee.

You are not required to make contributions every year, but when you do, you must contribute to the SEP-IRAs of all eligible employees who actually performed services during the year of the contribution. This includes eligible employees who die or quit working before the contribution is made.

Contributions cannot discriminate in favor of highly compensated employees. Also, you may not integrate your SEP contributions with, or offset them by, contributions made under the Federal Insurance Contributions Act (FICA).

If this SEP is intended to meet the top-heavy minimum contribution rules of Section 416, but it does not cover all your employees who participate in your salary reduction SEP, then you must make minimum contributions to IRAs established on behalf of those employees.

Deducting contributions. You may deduct contributions to a SEP subject to the limits of section 404(h). This SEP is maintained on a calendar year basis and contributions to the SEP are deductible for your tax year with or within which the calendar year ends. Contributions made for a particular tax year must be made by the due date of your income tax return (including extensions) for that tax year.

*This is the amount for 2006. For later years, this amount is subject to annual cost of living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS website at www.irs.gov.

Completing the agreement. This agreement is considered adopted when:

- IRAs have been established for all your eligible employees;
- You have completed all blanks on the agreement form without modification; and
- You have given all your eligible employees the following information:

1. A copy of Form 5305-SEP.
2. A statement that Traditional IRAs other than the Traditional IRAs into which employer SEP contributions will be made may provide different rates of return and different terms concerning, among other things, transfers and withdrawals of funds from the IRAs.
3. A statement that, in addition to the information provided to an employee at the time the employee becomes eligible to participate, the administrator of the SEP must furnish each participant within 30 days of the effective date of any amendment to the SEP, a copy of the amendment and a written explanation of its effects.
4. A statement that the administrator will give written notification to each participant of any employer contributions made under the SEP to that participant's IRA by the later of January 31 of the year following the year for which a contribution is made or 30 days after the contribution is made.

Employers who have established a SEP using Form 5305-SEP and have furnished each eligible employee with a copy of the completed Form 5305-SEP and provided the other documents and disclosures described in *Instructions to the Employer and Information for the Employee*, are not required to file the annual information returns, Forms 5500 or 5500-EZ for the SEP. However, under Title I of the Employee Retirement Income Security Act of 1974 (ERISA), this relief from the annual reporting requirements may not be available to an employer who selects, recommends, or influences its employees to choose IRAs into which contributions will be made under the SEP, if those IRAs are subject to provisions that impose any limits on a participant's ability to withdraw funds (other than restrictions imposed by the Code that apply to all IRAs). For additional information on Title I requirements, see the Department of Labor regulation at 29 CFR 2520.104-48.

INFORMATION FOR THE EMPLOYEE

The information below explains what a SEP is, how contributions are made, and how to treat your employer's contributions for tax purposes. For more information, see Publication 590.

Simplified employee pension. A SEP is a written arrangement (a plan) that allows an employer to make contributions toward your retirement. Contributions are made to a traditional individual retirement account/annuity (Traditional IRA). Contributions must be made to either a Model Traditional IRA executed on an IRS form or a master or prototype Traditional IRA for which the IRS has issued a favorable opinion letter.

An employer is not required to make SEP contributions. If a contribution is made, however, it must be allocated to all eligible employees according to the SEP agreement. The Model SEP (Form 5305-SEP)

specifies that the contribution for each eligible employee will be the same percentage of compensation (excluding compensation greater than \$220,000*) for all employees.

Your employer will provide you with a copy of the agreement containing participation rules and a description of how employer contributions may be made to your IRA. Your employer must also provide you with a copy of the completed Form 5305-SEP and a yearly statement showing any contributions to your IRA.

All amounts contributed to your IRA by your employer belong to you even after you stop working for that employer.

Contribution limits. Your employer will determine the amount to be contributed to your IRA each year. However, the amount for any year is limited to the smaller of \$44,000* or 25% of your compensation for that year. Compensation does not include any amount that is contributed by your employer to your IRA under the SEP. Your employer is not required to make contributions every year or to maintain a particular level of contributions.

Tax treatment of contributions. Employer contributions to your SEP-IRA are excluded from your income unless there are contributions in excess of the applicable limit. Employer contributions within these limits will not be included on your Form W-2.

Employee contributions. You may make regular IRA contributions to an IRA. However, the amount you can deduct may be reduced or eliminated because, as a participant in a SEP, you are covered by an employer retirement plan.

SEP participation. If your employer does not require you to participate in a SEP as a condition of employment, and you elect not to participate, all other employees of your employer may be prohibited from participating. If one or more eligible employees do not participate and the employer tries to establish a SEP for the remaining employees, it could cause adverse tax consequences for the participating employees.

An employer may not adopt this IRS Model SEP if the employer maintains another qualified retirement plan. This does not prevent your employer from adopting this IRS Model SEP and also maintaining an IRS Model Salary Reduction SEP or other SEP. However, if you work for several employers, you may be covered by a SEP of one employer and a different SEP or pension or profit sharing plan of another employer.

SEP-IRA amounts—rollover or transfer to another IRA. You can withdraw or receive funds from your SEP-IRA if, within 60 days of receipt, you place those funds in the same or another IRA. This is called a "rollover" and can be done without penalty only once in any 1-year period. However, there are no restrictions on the number of times you may make "transfers" if you arrange to have these funds transferred between the trustees or the custodians so that you never have possession of the funds.

Withdrawals. You may withdraw your employer's contribution at any time, but any amount withdrawn is includible in your income unless rolled over. Also, if withdrawals occur before you reach age 59½, you may be subject to a tax on early withdrawal.

Excess SEP contributions. Contributions exceeding the yearly limitations may be withdrawn without

penalty by the due date (plus extensions) for filing your tax return (normally April 15), but are includible in your gross income. Excess contributions left in your SEP-IRA after that time may have adverse tax consequences. Withdrawals of those contributions may be taxed as premature withdrawals.

Financial institutional requirements. The financial institution where your IRA is maintained must provide you with a disclosure statement that contains the following information in plain, nontechnical language:

1. The law that relates to your IRA.
2. The tax consequences of various options concerning your IRA.
3. Participation eligibility rules, and rules on the deductibility of retirement savings.
4. Situations and procedures for revoking your IRA, including the name, address, and telephone number of the person designated to receive notice of revocation. This information must be clearly displayed at the beginning of the disclosure statement.
5. A discussion of the penalties that may be assessed because of prohibited activities concerning your IRA.
6. Financial disclosure that provides the following information:
 - (a) Projects value growth rates of your IRA under various contribution and retirement schedules, or describes the method of determining annual earnings and charges that may be assessed.
 - (b) Describes whether, and for when, the growth projections are guaranteed, or a statement of the earnings rate and the terms on which the projections are based.
 - (c) States the sales commission for each year expressed as a percentage of \$1,000.

In addition, the financial institution must provide you with a financial statement each year. You may want to keep these statements to evaluate your IRA's investment performance.

PAPERWORK REDUCTION ACT NOTICE

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 1 hr., 40 min.
- Learning about the law or the form** . . . 1 hr., 35 min.
- Preparing the form** 1 hr., 41 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, Washington, DC 20224. Do not send this form to this address. Instead, keep it with your records.

*This is the amount for 2006. For later years, this amount is subject to annual cost of living adjustments. The IRS announces the increase, if any, in a news release, in the Internal Revenue Bulletin, and on the IRS website at www.irs.gov.



eContributions Services Employer Application

For assistance, please visit us online at www.ftecontributions.com or call Retirement Services at (800) 527-2020.

1 COMPANY INFORMATION

_____ (“Employer”) requests the ability to deliver Plan Contribution Instructions (defined below), which accompany monetary contributions relating to the retirement plan identified below, to Franklin Templeton Bank & Trust, F.S.B. (“FTB&T”), the trustee/custodian of the identified retirement plan, via the Internet or other electronic means.

Total number of employees currently eligible to participate in retirement plan: _____

Company name (please print)

Group number (if available)

2 TYPE OF RETIREMENT PLAN MAINTAINED BY THE EMPLOYER

FTB&T SIMPLE IRA

FTB&T 403(b) Plan

FTB&T Profit Sharing Plan

FTB&T SEP IRA

FTB&T Texas Optional Retirement Plan (ORP)

FTB&T Money Purchase Plan

3 SIGNATURES

IN CONSIDERATION OF FTB&T’s agreement to accept Plan Contribution Instructions by electronic means without original or underlying documentation, Employer agrees as follows:

The term “Plan Contribution Instructions” shall mean instructions from Employer to FTB&T to invest specified monetary amounts in pre-established accounts of participants of the above-identified plan with such instructions being transmitted by Employer either 1) by the completion of a pre-populated online form on the password protected website (“eContributions”), or 2) by electronic transmission of payroll files from exports of existing software packages.

Employer shall designate individuals as authorized users of eContributions who will then have the ability to access the website to submit Plan Contribution Instructions, update employer address and other contact information (such as phone number and email address) for the retirement plan and to print a contribution summary to accompany the contribution check. Employers submitting monetary contributions by ACH (Automated Clearing House) or Fed Wire will also be able to use eContributions to transmit the Plan Contribution Instructions. Employer shall submit a separate application (eContributions New User Request Form) for each individual to whom it wishes to grant access to eContributions. Unique user names and personal identification numbers (“PIN(s)”) will be established for each of these individuals and will be sent to Employer’s address of record via the United States Postal Service upon receipt of this Application and submission of at least one completed eContributions New User Request Form. It is the sole responsibility of Employer to control the security and confidentiality of the user name(s) and PIN(s), and Employer acknowledges and agrees that FTB&T may rely upon any Plan Contribution Instructions being transmitted under a user name and PIN issued to Employer.

The undersigned Employer directs FTB&T to use electronic transmissions of Plan Contribution Instructions, remitted by individuals designated by Employer to use eContributions, to invest monetary contributions to accounts of participants in the above identified retirement plan. Employer is solely responsible for transmitting accurate Plan Contribution Instructions to FTB&T, and for bearing the cost of adjusting a participant’s account should any errors occur as a result of Employer’s Plan Contribution Instructions. If Employer is transmitting Plan Contribution Instructions for a 403(b) salary deferral only plan, Employer further represents that it has entered into salary deferral agreements with its employees for whom it is transmitting Plan Contribution Instructions.

Employer agrees that participant’s receipt of a statement detailing contributions to the retirement plan will constitute Employer’s and participant’s ratification of such contributions.

Employer shall indemnify and hold harmless FTB&T and its service provider, Franklin Templeton Investor Services, LLC, and their officers, employees, agents and successors (each an “Indemnitee” and collectively the “Indemnitees”) from and against any and all liability, loss, suits, claims, costs, damages and expenses of whatever amount and whatever nature, including without limitation, reasonable attorneys’ fees, whether for consultation and advice, or representation in arbitration or litigation (an “Indemnifiable Loss”) any Indemnitee may sustain or incur by reason of, in consequence of, or arising from, or in connection with, or in relation to an Indemnitee acting or forbearing from taking action in good-faith reliance on Plan Contribution Instructions from Employer or its designee made pursuant to this Application, including, but not limited to, sums paid or liability incurred in settlement of, and expenses paid or incurred in connection with such claims, or judgments as may arise out of the allegations that the Employer’s Plan Contribution Instruction on which an Indemnitee acted or forbore from taking action was not in accordance with the participant’s specified retirement account investment instructions and/or was not transmitted by an authorized agent of Employer, excepting, however, an Indemnifiable Loss to the extent such loss can be attributed to the gross negligence or willful misconduct of FTB&T.

(continued)

3 SIGNATURES (cont'd.)

Employer acknowledges and agrees that FTB&T may for any reason, at any time, upon notice to Employer discontinue accepting Plan Contribution Instructions by electronic means.

EMPLOYER SIGNATURE

X _____ Date _____
 Authorized Officer signature

Name (please print) _____ Title _____

4 ELECTRONIC FUNDS TRANSFER AUTHORIZATION

If you would like to facilitate the delivery of Plan contributions by authorizing FTB&T, or its service provider Franklin Templeton Investor Services, LLC, to initiate debits against your company’s designated bank account in accordance with your Plan Contribution Instructions, please provide the requested information below. Please note that your bank must be a member of the Automated Clearing House (ACH). Allow up to 15 business days for FTB&T to set up your bank account instructions.

By completing this section, your company will be able to authorize plan contributions directly through eContributions and will not need to provide separate payment via check or Federal wire.

Group number (if available) _____

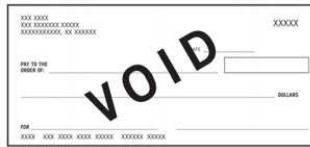
ACCOUNT INFORMATION

Bank Account Owner/Employer name _____

Checking account Savings account

Bank name _____ Bank account number _____

PLEASE TAPE A VOIDED CHECK OR SAVINGS ACCOUNT DEPOSIT SLIP IMPRINTED WITH EMPLOYER’S NAME AND ADDRESS BELOW.



By signing below, Employer authorizes FTB&T, or its service provider Franklin Templeton Investor Services, LLC, to initiate electronic debits to the deposit account identified above (“Bank Account”) when instructed to do so by Employer on eContributions (and to make, if necessary, adjusting transfers if any amounts are transferred in error). FTB&T, or its service provider Franklin Templeton Investor Services, LLC, will debit Bank Account within three days of receipt of each set of completed Plan Contribution Instructions through eContributions for the amount designated in the “Target” field on eContributions.

Employer understands and agrees that this authorization will remain in full force and effect until FTB&T has received notification from Employer’s authorized officer that the authorization is terminated and FTB&T and the Employer’s bank noted above (“Bank”) have had a reasonable opportunity to act on the notification. Employer also agrees that FTB&T, or its service provider, may make additional attempts to debit the Bank Account noted above if an initial attempt fails, and if a transfer is denied by the Bank for any reason, FTB&T will discontinue this authorization.

X _____ Date _____ **X** _____ Date _____
 Authorized Signer of Bank Account Authorized Signer of Bank Account

Name and Title (please print) _____ Name and Title (please print) _____

Please mail to	WEST COAST	EAST COAST
Regular	Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services P.O. Box 997153 Sacramento, CA 95899-7153	Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services P.O. Box 33033 St. Petersburg, FL 33733-8033
Overnight	Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services 3344 Quality Drive Rancho Cordova, CA 95670-7313	Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services 100 Fountain Parkway St. Petersburg, FL 33716-1205



eContributions New User Request Form

Complete this form to create a new eContributions user profile. Once established, Franklin Templeton will mail a temporary Login ID and password to the user address provided below.

For assistance, please visit us online at www.ftecontributions.com or call Retirement Services at (800) 527-2020.

Company Name (please print)

Group Number (if available)

NEW USER INFORMATION

A unique Login ID and password are requested for the following individual:

New User Name (please print)

Title

Street Address

Phone Number

City

State

ZIP

Email Address

EMPLOYER AUTHORIZATION

The Employer Authorized Officer is responsible for notifying Franklin Templeton Investments of any modifications to the status of the authorized representative herein assigned. The Employer Authorized Officer affirms that the individual listed above is authorized to access eContributions as a representative of the Employer. This access can be revoked at any time with written or verbal notice to Franklin Templeton Investments from the Employer Authorized Officer.

Signature: Employer Authorized Officer

Authorized Officer Name (please print)

Date

Title

Email Address

Phone Number

Please send to	WEST COAST	EAST COAST
Regular Mail	Franklin Templeton Investments P.O. Box 997152 Sacramento, CA 95899-7152	Franklin Templeton Investments P.O. Box 33033 St. Petersburg, FL 33733-8033
Overnight	Franklin Templeton Investments 3344 Quality Drive Rancho Cordova, CA 95670-7313	Franklin Templeton Investments 100 Fountain Parkway St. Petersburg, FL 33716-1205
Fax	916/463-4574	727/299-8719

Franklin Templeton eContributions

How to Fund Your Plan

In order for us to identify and process your contributions in a timely manner, you may submit your contributions to us in one of the following ways:

1. By Electronic Funds Transfer

You may authorize us to debit your bank account by electronic funds transfer. You can sign up for this service using the **eContributions Services Employer Application**, or at a later time by completing the **Electronic Funds Transfer Authorization Request Form** available at ftecontributions.com.

2. By ACH or Wire

You may also choose to send your contributions to Franklin Templeton electronically. To do this, please submit contributions by ACH or Fed Wire to:

Chase Manhattan Bank

ACH Instructions

ABA #: 021000021

Account #: 910-2-771996

Reference: **Name of Employer and Group Number**

Wire Instructions

ABA #: 021000021

Account #: 323117694

Reference: **Name of Employer and Group Number**

3. By Check

If you are sending your contributions by check, please mail to one of the addresses below.

Please mail to	WEST COAST	EAST COAST
	Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services P.O. Box 997153 Sacramento, CA 95899-7153	Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services P.O. Box 33033 St. Petersburg, FL 33733-8033
Overnight	Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services 3344 Quality Drive Rancho Cordova, CA 95670-7313	Franklin Templeton Bank & Trust, F.S.B. c/o Retirement Services 100 Fountain Parkway St. Petersburg, FL 33716-1205



FRANKLIN TEMPLETON
INVESTMENTS

< GAIN FROM OUR PERSPECTIVE® >



Franklin Templeton Bank & Trust, F.S.B.
c/o Retirement Services

West Coast P.O. Box 997153
Sacramento, CA 95899-7153

East Coast P.O. Box 33033
St. Petersburg, FL 33733-8033

(800) 527-2020
franklintempleton.com