First Investors

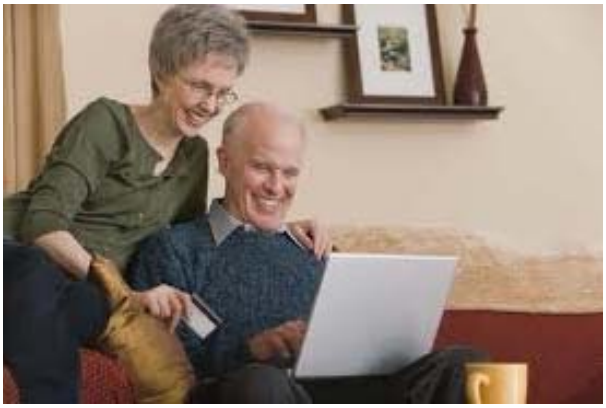
First Investors SIMPLE IRA SEP-IRA SARSEP-IRA Application

for use by Third Party Broker-Dealers

To open a First Investors account for a:

- SIMPLE IRA
- SEP-IRA
- SARSEP-IRA
- Inherited SIMPLE IRA
- Inherited SEP-IRA
- Inherited SARSEP-IRA

(Note: New SARSEP-IRA accounts can only be established by a trustee-to-trustee transfer of an existing SARSEP-IRA from another financial institution or the addition of a new participant to an existing SARSEP-IRA.)



This Application may be used with the public only when accompanied by the First Investors current Prospectus(es) for the Fund(s) that you may be purchasing through First Investors Corporation.

First Investors

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Congratulations on your decision to establish a First Investors SIMPLE IRA, SEP-IRA or SARSEP-IRA Account. Your Registered Representative will gladly assist you in completing your Application.

To Establish a First Investors SIMPLE IRA, SEP-IRA or SARSEP-IRA

1. Read the First Investors SIMPLE IRA Custodial Agreement and/or SEP-IRA/ SARSEP-IRA Custodial Agreement and First Investors SIMPLE IRA/SEP-IRA/ SARSEP-IRA Disclosure Statement located in this booklet.

2. Complete and sign the **First Investors SIMPLE IRA/ SEP-IRA/ SARSEP-IRA Application** in this booklet.
   Note: The signature of your spouse may be required if you do not designate your spouse as beneficiary. The laws regarding spousal consent for beneficiary designations are complex and vary from state to state. If you are married and designate someone other than your spouse as the beneficiary of your account, you should consult with your own legal advisor to determine if spousal consent is needed. If spousal consent is not provided, you are representing that spousal consent is not needed; if spousal consent is provided, you are representing that the signature provided is that of your spouse.

3. Please refer to pages A, B or C of this booklet for the requirements to establish a First Investors SIMPLE IRA, SEP-IRA or SARSEP-IRA.

4. Return your completed form(s) to the address shown below.

Return by Regular Mail:
Administrative Data Management Corp.
Attention: New Accounts Department
P.O. Box 7837
Edison, NJ 08818-7837

Return by Overnight Mail:
Administrative Data Management Corp.
Attention: New Accounts Department
Raritan Plaza I, 8th Floor
Edison, NJ 08837-3620

For More Information:
First Investors Mutual Funds
800-524-2803 (Broker/Dealer Services)
800-423-4026 (Shareholder Services)
www.firstinvestors.com

Savings Incentive Match Plan for Employees of Small Employers Individual Retirement Account (SIMPLE IRA)

First Investors

What is a SIMPLE IRA?

A SIMPLE IRA is a retirement plan established by an employer for its eligible employees. Form 5305-SIMPLE is completed by the employer and indicates the eligibility requirements for SIMPLE IRA participation.

Eligible employees are permitted to make salary reduction contributions. Mandatory matching or non-elective contributions are made by the employer. No current federal income tax is imposed on contributions or the earnings, until withdrawn.

A SIMPLE IRA may be adopted by an employer that satisfies the following conditions:

a. the employer currently maintains no other qualified employer retirement plan.

b. the employer has 100 or fewer employees who earned $5,000 or more in the immediately preceding calendar year.

c. the employer is not part of a group of entities under common control, or part of an affiliated service group as such terms are defined by the Internal Revenue Code, unless all eligible employees of such related business entities were eligible to participate in the SIMPLE.

How is a SIMPLE IRA established?

An Employer may not maintain any other retirement plan during any part of the calendar year in addition to the SIMPLE IRA.

Employer Requirements:

The Employer must read and comply with the "Instructions to the Employer" found in Form 5305-SIMPLE.

In addition, the Employer must:

1. complete and sign **Form 5305-SIMPLE**. The Plan's effective date is generally January 1. However, if this is the first year for which the Employer is adopting a SIMPLE IRA, the Employer may insert any date between January 1 and October 1.
2. retain a completed copy of Form 5305-SIMPLE for its records.
3. distribute a copy of the completed Form 5305-SIMPLE to each eligible employee.
4. complete and sign the **Company Profile** Form and retain a copy for its records.
5. inform the employees that a SIMPLE IRA has been established. The Employer may use the Model Notification to Eligible Employees in this booklet.
6. obtain from each participating employee a completed and signed **SIMPLE IRA Application**. If the Employer is making a non-elective contribution, all eligible employees, including those not making contributions, must complete a **SIMPLE IRA Application.**
7. send to ADM a completed and originally signed copy of:
   - **Form 5305-SIMPLE;**
   - **SIMPLE IRA Application** for each participant.

Employee Requirements:

Each participating employee must complete, sign and submit a **SIMPLE IRA Application**.

Contributions must be made by the Employer in a form and manner acceptable to the Custodian or its agent, Administrative Data Management Corp. (ADM). If the contribution will be made by check, the check must be drawn on a U.S. bank and be made payable to First Investors Corporation FBO (Name of SIMPLE IRA) for the total SIMPLE IRA contribution. A SIMPLE IRA Remittance Schedule, as found in this booklet, may be used for this purpose.

Simplified Employee Pension
Individual Retirement Account (SEP-IRA)

First Investors

What is a SEP-IRA?

A SEP-IRA is a retirement plan established by an eligible employer for its eligible employees. Form 5305-SEP is completed by the employer and indicates the eligibility requirements for SEP-IRA participation.

The employer may be able to take a deduction on its tax return for all or part of the amount contributed. Employees are not taxed on SEP-IRA contributions when they are made. SEP-IRA earnings grow tax-deferred, until withdrawn.

A First Investors SEP-IRA may be adopted by an employer that satisfies the following conditions:

a. the employer currently maintains no other qualified employer retirement plan other than a SARSEP-IRA.

b. the employer is not part of a controlled group of corporations, trades or businesses under common control, or part of an affiliated service group as such terms are defined by the Internal Revenue Code, unless all eligible employees of such related business entities are eligible to participate in the SEP-IRA.

c. the employer does not have any leased employees as defined by the Internal Revenue Code.

d. the employer establishes a SEP-IRA for each eligible employee.

A separate account is maintained for each SEP-IRA participant.

How is a SEP-IRA established?

Employer Requirements:

The Employer must read and comply with the "Instructions to the Employer" found in Form 5305-SEP.

In addition, the Employer must:

1. complete the eligibility requirements in both copies of Form 5305-SEP and sign on behalf of the Employer.
2. retain a completed copy of **Form 5305-SEP** for its records.
3. distribute a copy of the completed Form 5305-SEP to each eligible employee as well as the statements required under the **Completing the agreement** section of the "Instructions to the Employer".
4. inform the employees it has established a SEP-IRA.
5. obtain from each eligible employee a completed and signed **SEP-IRA Application**.
6. send to ADM a completed and originally signed copy of:
   - **Form 5305-SEP;**
   - **SEP-IRA Application** for each eligible employee.

Employee Requirements:

Each eligible employee must complete, sign and submit a **SEP-IRA Application.**

Contributions must be made by the Employer in a form and manner acceptable to the Custodian or its agent, Administrative Data Management Corp. (ADM). If the contribution will be made by check, the check must be drawn on a U.S. bank and be made payable to First Investors Corporation FBO (Name of SEP-IRA) for the total SEP-IRA contribution. A SEP-IRA/SARSEP-IRA Remittance Schedule, as found in this booklet, may be used for this purpose.

Salary Reduction Simplified Employee Plan Individual Retirement Account (SARSEP-IRA)

First Investors

What is a SARSEP-IRA?

A SARSEP-IRA is a retirement plan established by an eligible employer into which an eligible employee can elect to defer a portion of his or her salary. Form 5305A-SEP, completed by the employer, indicates the eligibility requirements for SARSEP-IRA participation.

No current federal income tax is imposed on the salary reduction contribution or the earnings, until withdrawn.

A SARSEP-IRA established prior to 1997 may continue to be maintained provided the employer satisfies the following conditions:

a. the employer maintains no other qualified employer retirement plan other than a Simplified Employee Pension (SEP-IRA).

b. the employer is not part of a controlled group of corporations, trades or businesses under common control, or part of an affiliated service group as such terms are defined by the Internal Revenue Code, unless all eligible employees of such related business entities are eligible to participate in the SARSEP-IRA.

c. the employer is not a state or local government or a tax-exempt organization.

d. the employer does not have any leased employees as defined by the Internal Revenue Code.

e. at least 50% of the employer's eligible employees elected to have amounts contributed from their salaries into the SARSEP-IRA.

f. during the prior calendar year, the employer never had more than 25 employees eligible to participate in the SARSEP-IRA, in total, of all the members of such groups, trades or businesses.

g. the salary reduction contributions of highly compensated employees meet the SARSEP-IRA ADP test as described in the **excess SEP-IRA contributions - Deferral Percentage Limitation** section of the "Instructions for the Employer".

How is a SARSEP-IRA established?

As of January 1, 1997, new SARSEP-IRA accounts can only be established by a trustee-to-trustee transfer of an existing SARSEP-IRA from another financial institution or the addition of a new participant to an existing SARSEP-IRA.

Employer Requirements:

The Employer must read and comply with the "Instructions for the Employer" found in Form 5305A-SEP.

In addition, the Employer must:

1. complete and sign **Form 5305A-SEP** or, if applicable, any other IRS approved form used to establish the SARSEP-IRA prior to January 1, 1997.

2. obtain from each eligible employee a completed and signed **SARSEP-IRA Application**.

3. send to ADM a completed and originally signed copy of:
   - **Form 5305A-SEP;**
   - **SARSEP-IRA Application** for each eligible employee.

Employee Requirements:

Each participating employee must complete, sign and submit a **SARSEP-IRA Application**.

Contributions must be made by the Employer in a form and manner acceptable to the Custodian or its agent, Administrative Data Management Corp. (ADM). If the contribution will be made by check, the check must be drawn on a U.S. bank and be made payable to First Investors Corporation FBO (Name of SARSEP-IRA) for the total SARSEP-IRA contribution. A SEP-IRA/SARSEP-IRA Remittance Schedule, as found in this booklet, may be used for this purpose.

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First Investors IRA Application
(For SIMPLE, SEP and SARSEP IRAs)

Do not use this form to update existing information or make contributions to an existing IRA.

First Investors

1. Type of IRA

☐ SIMPLE IRA ☐ SEP-IRA ☐ SARSEP-IRA *

☐ Inherited SIMPLE IRA ☐ Inherited SEP-IRA ☐ Inherited SARSEP-IRA *

** (New SARSEP-IRA accounts can only be established by a trustee-to-trustee transfer of an existing SARSEP-IRA from another financial institution or the addition of a new participant to an existing SARSEP-IRA.)*

2. Customer Information

☐ Mr.
☐ Mrs.
☐ Ms.

First Name **(print)** | Last Name **(print)** | Social Security Number | Date of Birth

Complete the following information below for Inherited IRAs only:

Decedent's First Name **(print)** | Decedent's Last Name **(print)** | Decedent's Social Security Number

Decedent's Date of Birth | Relationship of Beneficiary to Decedent | Decedent's Date of Death

3. Citizenship

☐ U.S. Citizen

☐ Resident Alien* Document Type and Number

☐ Non-Resident Alien** Country of Origin

** A copy of an unexpired green card with a photograph must be attached.*
*** A copy of an unexpired U.S. issued VISA with a photograph must be attached.*

4. Address and Telephone Numbers

U.S. Mailing Address (Address of Record) | City | State | Zip Code

Residential Street Address | City | State | Zip Code
(mandatory, if mailing address contains a P.O. Box, "care of" or temporary address)

Home Telephone # | Work Telephone # (optional) | Cell Telephone # (optional)

5. SIMPLE IRA, SEP-IRA, SARSEP-IRA Employer Information

Employer's Name (print)

First Investors

6. Investment Instructions *(All investments will be made into Class A Shares unless specified otherwise.)*

All dividends and capital gains will be reinvested.

A. ☐ Employer will be forwarding future contributions.
Invest as follows: (Must equal 100%.)

FI Fund Name	Percentage
	%
	%
	%
	%
	%
	%
	100%

B. ☐ Transfer paperwork is attached.
Invest proceeds as follows: (Must equal 100%.)

FI Fund Name	Percentage
	%
	%
	%
	%
	%
	%
	100%

7. Statement of Intent ("SOI")

I wish to qualify for a sales charge discount by establishing a non-binding Statement of Intent ("SOI") to purchase a specific dollar amount of shares within 13 months. I agree to the terms of the SOI described in the applicable fund prospectus and Statement of Additional Information. I understand that I am not legally required to complete the SOI. However, if I fail to do so, my share balance will be reduced to reflect the appropriate sales charge without the SOI.

I want to enter an SOI on purchases of FI Funds for: ☐ $100,000 ☐ $250,000 ☐ $500,000 ☐ $1,000,000

☐ Link to existing SOI. My account(s) is (are) already covered by an existing SOI under customer account # _____.

I elect the following Eligible persons to be included in my SOI:

Spouse's First Name **(print)**	Spouse's Last Name **(print)**	Spouse's Social Security Number
Child's First Name **(print)**	Child's Last Name **(print)**	Child's Social Security Number
Child's First Name **(print)**	Child's Last Name **(print)**	Child's Social Security Number
Child's First Name **(print)**	Child's Last Name **(print)**	Child's Social Security Number
Name of Trust **(print)**		Trust's Taxpayer Identification Number
Trustee's First Name **(print)**	Trustee's Last Name **(print)**	Trustee's Social Security Number

First Investors

8. IRA Beneficiary Designation

I hereby designate the following individual(s), trust or other entity listed below as the beneficiary(ies) on all IRA accounts opened now or in the future under the IRA account(s) established with this Application. For inherited retirement accounts, I understand that it is my full responsibility to ensure that applicable state laws permit me to name beneficiaries. I further understand that it is my responsibility to ensure that if I am designating a beneficiary other than my spouse that I obtain the proper spousal consent and that failure to do so may cause my beneficiary designation to be null and void. Be sure that each section totals 100%. I understand that if I do not indicate a percentage, upon my death, shares will be divided equally among the Primary Beneficiaries, or, if none, the Contingent Beneficiaries who survive me.

If I elect to name an entity as beneficiary, I understand that I must provide the name of the entity, the tax identification number, and the percentage of the benefit that would be payable to it. Likewise, if I elect to name a trust as my beneficiary, I will indicate the name of the trust, the trust date and the tax identification number of the trust if available.

A. Marital Status

☐ I am married. ☐ I am not married.

If you are married and you designate a Primary Beneficiary other than your spouse, this Beneficiary Designation may not be effective under your state law without the consent of your spouse. If you are married, your spouse is your Primary Beneficiary, and you are subsequently divorced or separated, your Beneficiary Designation may not be effective under your state law. Please consult with your own legal advisor.

B. Spousal Consent *(If Applicable)*

I am the spouse of the Customer named in **Section 2**. By signing below, I expressly consent to the beneficiary(ies) designated on this form. I understand that by consenting to my spouse's Beneficiary Designation, I may be forfeiting benefits I would be entitled to receive.

Signature of Spouse **Date** First Name of Spouse **(print)** Last Name of Spouse **(print)**

C. Primary Beneficiary(ies)

☐ Check here if designating more than six primary or contingent beneficiaries and attach a signed letter of instruction.

1.
Name **(print)** Percentage
Relationship Date of Birth/Trust SSN/Tax ID #

2.
Name **(print)** Percentage
Relationship Date of Birth/Trust SSN/Tax ID #

3.
Name **(print)** Percentage
Relationship Date of Birth/Trust SSN/Tax ID #

4.
Name **(print)** Percentage
Relationship Date of Birth/Trust SSN/Tax ID #

5.
Name **(print)** Percentage
Relationship Date of Birth/Trust SSN/Tax ID #

6.
Name **(print)** Percentage
Relationship Date of Birth/Trust SSN/Tax ID #

D. Contingent Beneficiary(ies)

1.
Name **(print)** Percentage
Relationship Date of Birth/Trust SSN/Tax ID #

2.
Name **(print)** Percentage
Relationship Date of Birth/Trust SSN/Tax ID #

3.
Name **(print)** Percentage
Relationship Date of Birth/Trust SSN/Tax ID #

4.
Name **(print)** Percentage
Relationship Date of Birth/Trust SSN/Tax ID #

5.
Name **(print)** Percentage
Relationship Date of Birth/Trust SSN/Tax ID #

6.
Name **(print)** Percentage
Relationship Date of Birth/Trust SSN/Tax ID #

9. Signature

I certify that I have received a copy of the First Investors SIMPLE IRA Custodial Agreement and/or SEP-IRA/SARSEP-IRA Custodial Agreement and the First Investors SIMPLE IRA/SEP-IRA/SARSEP-IRA Disclosure Statement and I adopt their provisions. I authorize the Custodian and First Investors Corporation and its affiliates, as well as its and their officers, directors, representatives, employees and agents ("First Investors") to act in accordance with these instructions. I understand that it is my full responsibility to ensure that my Beneficiary Designation complies with applicable state law, federal law and valid domestic relations orders at all times and to review my Beneficiary Designations periodically and whenever I have a change in circumstance to ensure such compliance. If I am married and have designated a Primary Beneficiary other than my spouse, I understand that this Beneficiary Designation may not be effective under state law without the consent of my spouse. I certify that if spousal consent is not provided, I am representing to you that spousal consent is not necessary. If the signature of my spouse is provided in **Section 8(B)**, I certify that it is genuine. Neither the Custodian nor First Investors shall be liable for any claim, loss, damage or expense arising out of or in any manner connected with the failure to obtain spousal consent or any misrepresentation concerning whether spousal consent has been obtained. I certify that I have obtained the necessary information to determine the validity of my designated beneficiary(ies), I am permitted to designate the listed beneficiary(ies) and am authorized to file my beneficiary designation with First Investors.

TERMS AND CONDITIONS. Terms and conditions of this Application are set forth on Page 5 of this application. By signing below, you are agreeing to these Terms and Conditions, which include a **pre-dispute arbitration notice and clause at paragraphs 5 and 6**.

OUR PRIVACY POLICY. We use the strictest standards to safeguard your information. We use your information only to process transactions that you have authorized, and to service your account. We do not disclose your information to any third party, except as permitted by law. We restrict access to your information to those persons who need to know it. We also maintain physical, electronic, and procedural measures to ensure that unauthorized persons do not obtain access to your information.

ANTI-MONEY LAUNDERING POLICY. Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. Thus, when you open an account, we are required to ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask for a copy of your driver's license or other identifying documents. If you do not provide the required information, or if we are not able to verify your identity, we may be prohibited from opening or maintaining your account.

HOUSEHOLDING POLICY. By signing below, you are consenting to the householding policy of the First Investors Funds, as further detailed in the Terms and Conditions of this Application, under which a Fund will mail only one copy of its prospectus, annual report, semi-annual report and proxy statements to all shareholders of the Fund who share the same mailing address and the same last name.

TAXPAYER CERTIFICATION. The Internal Revenue Service ("IRS") does not require your consent to any provision of this document other than the certification required to avoid backup withholding. Under penalties of perjury, I certify that (1) the number shown on this Application is my correct taxpayer identification number (or I am awaiting a number to be issued to me) and (2) I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the IRS that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and (3) I am a U.S. citizen or other U.S. person. You must cross out (2) above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest or dividends on your tax return. If you are claiming an exemption as a non-resident alien, you should check this box ☐ and attach an IRS Form W-8BEN to this Application.

I certify the information on this Application is true and correct.

Signature of Customer **Date**

10. Broker-Dealer Information

This application for the purchase of shares complies with the terms of our selling agreement with First Investors Corporation ("FIC") and with the current prospectus(es) for First Investors Funds. We agree to notify FIC of any purchases of shares which may be eligible for reduced or eliminated sales charge.

Dealer's Name (print) | Registered Representative's Name (print) | Registered Representative's Signature | Date

Dealer's Branch Office Street Address, City, State, Zip Code | Dealer's Telephone #

Branch Office # | Rep ID # | Manager's Name (print) | Manager's Signature | Date

First Investors

TERMS AND CONDITIONS OF APPLICATION

By signing this Application, you are agreeing to the following terms and conditions. The terms "we," "us," and "our" include not only First Investors funds but also their affiliates, and the officers, directors, employees, representatives and agents of the funds and their affiliates. The terms "you" and "your" include not only you but also any of your heirs or assigns who succeed to your rights, or persons who act on your behalf including your broker-dealer and your representative.

1. Scope and Interpretation of Application. This Application applies to all accounts that you have opened or may open with us in the future that are registered under the same customer. The interpretation of this Application is governed by the laws of the State of New York.

2. Reliance on Information and Instructions. You agree to indemnify and hold us harmless from and against any losses that result from our reliance on: (a) information that you have provided to us in this Application or other documents, unless you notify us in writing that such information is no longer current; and (b) telephone, ACH or wire transfer instructions that we reasonably believe to be genuine, provided that we use procedures that are reasonably designed to ensure that the instructions are genuine.

You certify that you are of legal age. You understand and agree by signing this Agreement that if you are a joint tenant or a joint authorized agent of an account, First Investors Corporation, its agents, and its affiliates, are authorized to act on the written and oral instructions from any one of the joint tenants or joint authorized agents concerning any action with respect to the account, without limitation, including the sale, redemption, or transfer of ownership of investments held in the account, change of address on the account, and the use of assets held in the account; First Investors Corporation, its agents and its affiliates have no duty to question such instructions or to provide notice to the other joint tenants or joint authorized agents.

3. Telephone Privileges. If you are establishing an individual or joint account, you will automatically be given telephone privileges on your First Investors funds, unless you expressly decline such privileges in writing. Telephone privileges enable you to exchange or redeem certain shares over the phone. For your protection, we record all calls; send written confirmations of telephone-initiated transactions to the address of record; require callers to provide names, account numbers and social security numbers; and send telephone redemption proceeds only to the registered owner(s) at the primary address of record or to a pre-designated bank account. We are not liable for any losses resulting from our reliance on telephonic instructions that we believe to be genuine, provided we follow the above procedures.

4. Householding Policy. It is the policy of the First Investors funds to mail only one copy of a fund's prospectus, annual report, semi-annual report and proxy statements to all shareholders who share the same mailing address and the same last name and have invested in a fund covered by the same document. You consent to this policy by signing this Application. You may revoke your consent at any time by requesting that separate copies of such documents be mailed to you. In such case, you will begin to receive your own copies within 30 days after our receipt of your revocation. It is the policy of the First Investors funds to mail confirmations and account statements separately to each shareholder who shares the same mailing address. The funds will, however, mail quarterly statements for different shareholders who share the same mailing address in one envelope if each shareholder consents to this procedure. We are not responsible for any losses that result from your use of this procedure. You may revoke your consent to our householding policies and/or request that separate copies of these disclosure documents be mailed to you by contacting us at the number or address listed at the beginning of this Application.

5. Pre-Dispute Arbitration Notice. This Application contains a pre-dispute arbitration clause, which is located in paragraph 6 below. By signing an arbitration agreement the parties agree as follows:
(a) All parties to this Application are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
(b) Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
(c) The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
(d) The arbitrators do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date.
(e) The panel of arbitrators may include a minority of arbitrators who were, or are, affiliated with the securities industry.
(f) The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
(g) The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

6. Pre-Dispute Arbitration Clause. You agree to submit to binding arbitration any claim of any nature whatsoever (including any claim for damages, equitable relief, declarative relief or any other form of relief) that you may have against us, irrespective of the nature of the claim, whether it arises from events that occur before or after the date that you sign your Application, whether it involves proprietary or non-proprietary products or services, and whether or not it involves investments, insurance, or general brokerage services. Your agreement to arbitrate covers not only any claim against First Investors Corporation but also any claim against our parent company, our corporate affiliates, the First Investors funds, the transfer agent of the funds, and our and their respective officers, directors, employees, agents, and representatives. You also agree to submit to binding arbitration any controversy or dispute over the arbitrability of any claim. Conversely, we agree to submit to binding arbitration any dispute that we may have with you. Any arbitration between us shall be submitted to, and conducted under the rules of, the Financial Industry Regulatory Authority ("FINRA"), or any successor national securities exchange or organization of which we are a member. If such claim is not eligible for arbitration under FINRA's rules, or the rules of any successor organization of which we are a member, the claim will be conducted by, and according to the applicable rules of, the American Arbitration Association (or its successor). You agree that this agreement to arbitrate shall be effective upon your signing of your Application, that it shall apply even if your account is not opened or is rejected, and that it shall survive the termination of your relationship with the First Investors Corporation, the redemption or surrender of any investments that we offer or service, and the transfer of any investment or account to another broker-dealer. This agreement to arbitrate shall also be binding upon and inure to the benefit of your and our successors and assigns, your and our legal representatives, and any other parties claiming to have a legal interest in the subject of any investment or account that is covered by your Application.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein.

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First Investors
SIMPLE IRA Disclosure Statement
SEP-IRA and SARSEP-IRA Disclosure Statement

1. INTRODUCTION

This Disclosure Statement is distributed to you in accordance with Internal Revenue Service (IRS) regulations and is intended to provide you with a general explanation of the federal rules applicable to Simple Individual Retirement Accounts (SIMPLE IRAs), Simplified Employee Pensions (SEPs), and Salary Reduction Simplified Employee Pensions (SARSEPs). The Disclosure Statement does not provide guidance on any state laws. However, you should be aware that state laws may affect your SIMPLE IRA, SEP and/or SARSEP-IRA in some instances, such as deductions, beneficiary designations, consent requirements and taxes. Also, assets held in your SIMPLE IRA, SEP and/or SARSEP-IRA may be subject to state unclaimed property laws.

WE URGE YOU TO READ THIS DISCLOSURE STATEMENT CAREFULLY PRIOR TO ESTABLISHING A SIMPLE IRA, SEP-IRA and/or SARSEP-IRA.

SIMPLE IRAs are established by an eligible employer and are subject to many of the rules governing Traditional Individual Retirement Accounts (Traditional IRAs). SEP-IRAs and SARSEP-IRAs are Traditional IRAs established by an eligible employer.

Due to the unfavorable tax consequences which may result from the improper establishment of an IRA, you should confer with your attorney or qualified tax advisor for specific advice. Additional information can be found in IRS Publication 590 "Individual Retirement Arrangements" and IRS Publication 560 "Retirement Plans for Small Business". Further information on IRAs can be obtained from any district office of the IRS or the IRS website at www.irs.gov.

The following is a general discussion of the statutory requirements and federal tax rules governing SIMPLE IRAs, SEP-IRAs and SARSEP-IRAs.

First Investors reserves the right to amend this Disclosure Statement from time to time.

2. REVOCATION PROCEDURE

If you do not receive the applicable First Investors IRA Disclosure Statement more than seven (7) days prior to the date your First Investors IRA is established, you may revoke your First Investors IRA for any reason within seven (7) days after the date your First Investors IRA is established. If you revoke your First Investors IRA, the entire amount of your contribution will be refunded without penalty and without any adjustment for items such as sales commissions, administrative expenses or fluctuation in market value. If your First Investors IRA is established more than seven (7) days after the date you first received the applicable First Investors IRA Disclosure Statement, it cannot be revoked.

In order to revoke your First Investors IRA, you must mail or deliver a written notice of revocation to:

For Regular Mail Use:
First Investors Corporation
c/o Administrative Data Management Corp.
Attn.: Dept. R
P.O. Box 7837
Edison, New Jersey 08818-7837

For Overnight Mail Use:
First Investors Corporation
c/o Administrative Data Management Corp.
Attn.: Dept. R
Raritan Plaza I, 8th Floor
Edison, New Jersey 08837-3620

If mailed, the revocation notice will be considered mailed on the date of the postmark (or if sent by certified or registered mail, the date of certification or registration) if it is deposited in the mail in the United States in an envelope or other appropriate wrapper, first class postage prepaid, properly addressed. While verbal revocations are not accepted, you may contact First Investors at 1-800-423-4026 if you have any questions with respect to this procedure.

3. DEFINITIONS

The following are definitions of terms used throughout this First Investors IRA Disclosure Statement and, unless otherwise stated, throughout the First Investors SIMPLE IRA Custodial Agreement and the First Investors SEP-IRA and SARSEP-IRA Custodial Agreement.

Annual Contributions: The maximum annual amount you can contribute under Section 402(g) of the Code as shown in the following table:

SIMPLE IRAs:

Tax Year	Annual Contribution
2013 and thereafter	$12,000 as adjusted for inflation

SARSEP-IRAs:

Tax Year	Annual Contribution
2013 and thereafter	$17,500 as adjusted for inflation

Notwithstanding the above limits, there is a maximum combined annual salary reduction contribution you can make to all your SIMPLE IRA, SARSEP-IRA, 403(b) and cash deferred arrangement under Section 401(k) of the Code. For additional information on these limits, consult with your attorney or qualified tax advisor.

SEP-IRAs:
You cannot contribute to this type of IRA. All contributions are made by your Eligible Employer on your behalf.

Beneficiary: The person or persons named by you to receive any undistributed amounts credited to your First Investors IRA upon your death. Unless otherwise noted, each beneficiary shall, from your death until the complete distribution of the Beneficiary's share in your First Investors IRA:

- have the same rights, responsibilities and control over his or her share of your First Investors IRA as you had prior to your death; and
- be subject to the same agreements and understandings as you.

Catch-Up Contributions: The contribution you may make to your IRA in addition to your Maximum Annual Contribution if you are 50 years of age or older as of the end of the tax year for which the contribution is being made. The additional contribution is determined as follows:

SIMPLE IRAs:

Tax Year	Additional Contribution
2013 & thereafter	$2,500 as adjusted for inflation

SARSEP-IRAs:

Tax Year	Additional Contribution
2013 & thereafter	$5,500 as adjusted for inflation

In addition to the above limits, there is a limit on the maximum combined annual Catch-Up Contributions you may make to your SIMPLE IRA, SARSEP-IRA, 403(b) and qualified retirement plans. For additional information on these limits, consult with your attorney or qualified tax advisor.

Code: The Internal Revenue Code of 1986, as amended from time to time, and regulations, rules, etc. issued thereunder. All references to sections of the Code, regulations, rules, etc. are to such sections as they may from time to time be amended or renumbered.

Compensation: In general, the maximum Compensation used for determining contributions and benefits for 2013 and thereafter, as adjusted for inflation, is $255,000.

The following is a general list of amounts included in and excluded from Compensation. For a more comprehensive list, consult with your attorney or qualified tax advisor.

(a) for *SIMPLE IRAs*: includes wages, salaries, fees for professional services, amounts paid for domestic service in a private home, local college club, or local chapter of a college fraternity or sorority, and other amounts received (whether or not in cash) for personal services actually rendered for an Eligible Employer, including, but not limited to, such items as commissions paid to salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, salary reduction contributions made under this SIMPLE IRA, compensation deferred under a Section 457 plan and the employee's salary reduction contributions under a SARSEP-IRA, Section 401(k) plan and/or Section 403(b) plan, and any amount includible in an individual's income as taxable alimony or separate maintenance payments. For purposes of determining IRA limitations and contributions, (i) for certain members of the U.S. Armed Forces serving in a combat zone, Compensation includes any nontaxable combat pay and (ii) for reservists called to qualified active duty, Compensation includes "differential wage payments" as defined in Section 3401(h)(2) of the Code.

For a self-employed person Compensation means net earnings from self-employment with respect to the Eligible Employer before subtracting any contributions made under the SIMPLE IRA on behalf of the individual.

Compensation does not include any amounts deferred by the employee pursuant to a cafeteria plan under Section 125 of the Code or qualified transportation fringe benefits under Section 132(f)(4) of the Code.

Additionally, Compensation does not include amounts received as a pension or annuity, amounts received as deferred compensation, amounts derived from or received as earnings or profits from property, such as interest, dividends and rent, or any amount not includible in gross income unless specifically included above.

(b) for *SEP-IRA and SARSEP-IRAs*: unless noted otherwise, includes wages, salaries, fees for professional services and other amounts received (whether or not in cash) for personal services actually rendered for the Eligible Employer, including, but not limited to, such items as commissions paid to salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, salary reduction contributions under a SIMPLE IRA, SARSEP-IRA, Section 401(k) plan, Section 403(b) plan, Section 457 plan, cafeteria plan under Section 125 of the Code, qualified transportation fringe benefits under Section 132(f)(4) of the Code and any amount includible in an individual's income as taxable alimony or separate maintenance payments. For purposes of determining IRA limitations and contributions, (i) for certain members of the U.S. Armed Forces serving in a combat zone, Compensation includes any nontaxable combat pay and (ii) for reservists called to qualified active duty, Compensation includes "differential wage payments" as defined in Section 3401(h)(2) of the Code.

For a self-employed person, Compensation means net earnings from self-employment with respect to the Eligible Employer before subtracting any contributions made under the SEP-IRA and/or SARSEP-IRA on behalf of the individual.

Compensation does not include amounts received as a pension or annuity, amounts received as deferred compensation, amounts derived from or received as earnings or profits from property, such as interest, dividends and rent, certain amounts realized in connection with the exercise of stock options or the disposition of the stock acquired upon the exercise of certain options, or other amounts not includible in gross income unless specifically included above.

Custodian: First Investors Corporation, in accordance with the attached Notice of Approval issued by the Internal Revenue Service, or any successor thereto.

Designated Roth Account: A Roth 401(k), Roth 403(b) or Roth 457 account.

Eligible Rollover Distribution: In general, any distribution of all or a portion of your vested account balance in a qualified retirement plan, a tax deferred annuity or custodial account, a Governmental 457 Plan or an IRA. However, the Code provides that certain distributions do not qualify as Eligible Rollover Distributions, for example:

- required minimum distributions;
- distributions made on account of a financial hardship or unforeseeable emergency;
- distributions of substantially equal periodic payments made over your life or the joint lives of you and your designated beneficiary or over a period of ten years or more;
- return of excess contributions or excess deferrals and any income allocable to the excess, or any excess annual additions and any allocable gains;
- disallowed Salary Reduction Contributions;
- defaulted loans treated as deemed distributions pursuant to Section 72(p) of the Code; and
- certain after-tax contributions.

First Investors: First Investors Corporation and its affiliates, as well as its and their officers, directors, representatives, employees and agents.

First Investors IRA Disclosure Statement: As applicable, the First Investors SIMPLE IRA Disclosure Statement, the First Investors SEP-IRA and SARSEP Traditional IRA Disclosure Statement or the First Investors SIMPLE IRA Disclosure Statement/First Investors SEP-IRA and SARSEP-IRA Disclosure Statement.

First Investors IRA: As applicable, a First Investors SIMPLE IRA, a First Investors SEP-IRA and/or a First Investors SARSEP-IRA.

First Investors IRA Application: As applicable, the Application used to establish a First Investors SIMPLE IRA, a First Investors SEP-IRA and/or a First Investors SARSEP-IRA.

Governmental 457 Plan: A deferred compensation plan established under Section 457(b) of the Code by a state, political subdivision of a state and any agency or instrumentality of a state or political subdivision of a state, provided that contributions to the plan are held in trust or custodial accounts for the benefit or participants.

Highly Compensated Employee: An individual described in Section 414(q) of the Code who:

- at any time during the current or preceding year, is or was a 5% owner as defined in Section 416(i) of the Code; or
- for the preceding year received compensation from an Eligible Employer in excess of $115,000 for 2013 and thereafter, as adjusted for inflation and was in the top-paid group, i.e., the top 20% of employees when ranked by compensation.

IRA: An individual retirement account under Section 408 or 408A of the Code.

IRS: The Internal Revenue Service.

Maximum Annual Contribution:
(a) for *SIMPLE IRAs*, the overall dollar amount that you may contribute to any combination of SIMPLE IRAs for the year. The Maximum Annual Contribution is the lesser of: (1) 100% of your Compensation for the year; and (2) your "Annual Contributions."

(b) for *SARSEP-IRAs*, the overall dollar amount that you may contribute to your SARSEP-IRA for the year. The Maximum Annual Contribution is the lesser of: (1) 25% of your Compensation for the year; and (2) "Annual Contributions". For purposes of determining the 25% limit, Compensation does not include any Salary Reduction Contributions or SEP-IRA contributions made on your behalf for the year.

If you are a Highly Compensated Employee, the SARSEP-IRA ADP test, as described in Section 5.B, may further limit the Salary Reduction Contributions that you can make to your SARSEP-IRA.

Roth IRA: A Roth Individual Retirement Account.

Salary Reduction Contribution: The percentage of Compensation which an Eligible Employee elects to have contributed to his or her SIMPLE IRA or SARSEP-IRA rather than receive it in cash. Salary Reduction Contributions cannot be made from Compensation earned prior to the proper completion of a salary reduction election form.

SARSEP: A salary reduction SEP into which an Eligible Employee can elect to defer a portion of his or her Compensation.

SEP: A Simplified Employee Pension that is established by an Eligible Employer for its Eligible Employees.

SIMPLE IRA: A SIMPLE Individual Retirement Account that is established by an Eligible Employer for its Eligible Employees.

Traditional IRA: A Traditional Individual Retirement Account.

4. IRA REQUIREMENTS

An IRA is a trust created or organized in the United States for the exclusive benefit of an individual or his or her beneficiaries. The written instrument creating the trust must satisfy the following requirements:

- except in the case of rollover contributions and trustee-to-trustee transfers, contributions must be in cash and may not exceed the limits on contributions prescribed by law;
- the trustee must be a bank or such person as approved by the Secretary of the Treasury to serve as a nonbank custodian or trustee and has agreed to and is qualified to act in such capacity;
- no part of the trust funds may be invested in life insurance contracts;
- the interest of an individual in the balance of his or her account must be nonforfeitable;
- the assets of the trust may not be commingled with other property except in a common trust fund or common investment fund; and
- the assets of the trust must be distributed in accordance with certain rules prescribed by law (explained below).

Your First Investors IRA is a custodial account which is treated as a trust for these purposes under the federal tax laws.

5. ELIGIBILITY

A. SIMPLE IRA

(i) Eligible Employer

The First Investors IRA utilizes model forms published by the IRS. Under the Instructions for the Employer that accompanies the model forms, the IRS specifies which employers may establish a SIMPLE IRA using the IRS model. Before establishing a First Investors SIMPLE IRA, an employer must read the Instructions to IRS Form 5305-SIMPLE to determine that such form is appropriate.

SIMPLE IRAs may be established only by employers (including tax-exempt employers and governmental entities) that had no more than 100 employees who received at least $5,000 of Compensation during the preceding calendar year. For purposes of the 100-employee limitation, all employees employed at any time during the prior calendar year, including self-employed persons who received Compensation from the employer and leased employees who are required to be treated as employees of the employer under Section 414(n) of the Code, are taken into account regardless of whether they are eligible to participate in the SIMPLE IRA. This means that otherwise excludable employees (e.g., certain union employees, nonresident aliens with no United States source income, and employees who have not met the eligibility requirements) must be taken into account for purposes of the 100-employee limitation. Once a SIMPLE IRA has been established, the employer must continue to meet the 100-employee limitation for each year the plan is maintained. As soon as an employer fails to meet the 100-employee limitation, that employer should immediately consult with an attorney or qualified tax advisor.

Certain related employers (trades or businesses under common control) must be treated as a single employer. These related employers include controlled groups under Section 414(b) of the Code, a partnership or sole proprietor under common control under Section 414(c) of the Code, and affiliated service groups under Section 414(m) of the Code.

The SIMPLE IRA generally must be the only retirement plan maintained by an employer. There are some exceptions to this general rule. For detailed information on these exceptions and the rules governing Eligible Employers, consult with your attorney or qualified tax advisor.

(ii) Eligible Employee
All employees of an Eligible Employer who received at least $5,000 of Compensation from the Eligible Employer during any two preceding calendar years, whether or not consecutive, and who are reasonably expected to receive at least $5,000 of Compensation during the calendar year, must be eligible to participate in the SIMPLE IRA for the calendar year. An Eligible Employer may impose less restrictive eligibility requirements under its SIMPLE IRA, such as eliminating or reducing the prior year Compensation requirements, the current year Compensation requirement, or both. An Eligible Employer may exclude from eligibility certain employees who are covered by a collective bargaining agreement and nonresident aliens who receive no United States source income.

An Eligible Employee may participate in an Eligible Employer's SIMPLE IRA even if he or she also participates in a plan of a different employer for the same year. However, an employee's salary reduction contributions are subject to the limitations of Section 402(g) of the Code, which provides an aggregate limit on the annual exclusion for employee salary reduction contributions for any individual. Also, an Eligible Employee who participates in an employer's SIMPLE IRA and a deferred compensation plan described in Section 457(b) of the Code may be subject to the limitation described in Section 457(c) of the Code. The employee is responsible for monitoring compliance with these limitations.

For detailed information on Eligible Employees, consult with your attorney or qualified tax advisor.

B. SEP-IRAs and SARSEP-IRAs
(i) Eligible Employer
(a) SEP-IRAs and SARSEP-IRAs
The First Investors IRA utilizes model forms published by the IRS. Under the Instructions for the Employer that accompanies the model forms, the IRS specifies which employers are not permitted to establish SEP-IRAs, or, if applicable, SARSEP-IRAs, using the IRS models, e.g., employers who have leased employees and employers who maintain another qualified retirement plan. Before establishing a First Investors SEP-IRA or SARSEP-IRA, an employer must read the Instructions to IRS Form 5305-SEP or, if applicable, IRS Form 5305A-SEP, to determine that such form is appropriate.

(b) SEP-IRA
A SEP-IRA may be established by any type of business entity regardless of the number of Eligible Employees.

Certain related employers (trades or businesses under common control) must be treated as a single employer. These related employers include controlled groups under Section 414(b) of the Code, a partnership or sole proprietor under common control under Section 414(c) of the Code, and affiliated service groups under Section 414(m) of the Code.

(c) SARSEP-IRA
A SARSEP-IRA may not be established after 1996. An employer who established a SARSEP-IRA before 1997 may continue to maintain the SARSEP-IRA provided that the following requirements are met:

- the employer is not a governmental or tax-exempt entity;
- at least 50% of the Eligible Employees elect to make Salary Reduction Contributions;
- the employer had 25 or fewer Eligible Employees at any time during the preceding year; and
- the Salary Reduction Contributions of Highly Compensated Employees meet the SARSEP-IRA ADP Test.

Under the *SARSEP-IRA ADP Test*, the amount deferred each year by each eligible Highly Compensated Employee as a percentage of Compensation (the deferral percentage) cannot be more than 125% of the average deferral percentage of all non-highly compensated Eligible Employees.

The *deferral percentage* for a year is determined by dividing the Salary Reduction Contributions, excluding certain Catch-Up Contributions, made to the SARSEP-IRA for the employee for the year by that employee's Compensation. For purposes of determining the deferral percentage, Compensation is limited to $255,000 in 2013 and thereafter, as indexed for inflation.

For detailed information on Eligible Employers and the SARSEP-IRA ADP test, consult with your attorney or qualified tax advisor.

(ii) Eligible Employees
An Eligible Employee is generally any employee who has attained age 21, has performed "service" for an Eligible Employer in at least 3 of the immediately preceding 5 years, and receives at least $550 (as indexed for inflation) in Compensation during the year. An Eligible Employer can establish less restrictive but not more restrictive eligibility requirements.

For purposes of determining Eligible Employees:

- service is any work performed for the Eligible Employer for any period of time, however short. If the Eligible Employer is 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 member of such group, trades, or businesses.
- employees who have attained age 70½ are included.

The following employees may be excluded by the employer:

- employees covered by a collective bargaining agreement whose retirement benefits were bargained for in good faith by the employer and their union,
- nonresident alien employees who did not earn U.S. source income from the employer,
- employees who received less than $550 (as indexed for inflation) in Compensation during the year.

C. Special Rule for Minors
If you are a minor, you are not eligible to establish a First Investors IRA even if you receive Compensation. However, your parent or legal guardian may establish one for you. If your parent or legal guardian establishes a First Investors IRA for you, your IRA is subject to the provisions of the Code, First Investors IRA Disclosure Statement and applicable Custodial Agreement.

6. CONTRIBUTIONS
A. General
(a) If you are an Eligible Employee, you must be allowed to participate in your Eligible Employer's SIMPLE IRA, SEP-IRA, or SARSEP-IRA, as applicable.

(b) Contributions to your SEP-IRA and/or SARSEP-IRA may not discriminate in favor of any Highly Compensated Employee.

(c) Contributions to your SIMPLE IRA consist of your Salary Reduction Contributions and Eligible Employer Contributions made on your behalf.

Contributions to your SEP-IRA consist solely of contributions made on your behalf by your Eligible Employer.

Contributions to your SARSEP-IRA consist of your Salary Reduction Contributions and, if applicable, employer top-heavy contributions.

You may elect to cease making Salary Reduction Contributions at any time during the year.

(d) All Salary Reduction Contributions and Employer Contributions to your First Investors SIMPLE IRA, SEP-IRA, or SARSEP-IRA must be made by your Eligible Employer on your behalf using one of the following methods: by check drawn on a U.S. bank payable to First Investors Corporation, by electronic funds transfer, or by federal funds wire. All other contributions to your First Investors SIMPLE IRA, SEP-IRA, or SARSEP-IRA must be made by check drawn on a U.S. bank payable to First Investors Corporation, by electronic funds transfer, or by federal funds wire.

Your Eligible Employer has named the Custodian as the designated financial institution for your SIMPLE IRA.

(e) Earnings on your Salary Reduction Contributions, Employer Contributions made on your behalf, trustee-to-trustee transfers and rollovers will be automatically reinvested in your SIMPLE IRA, SEP-IRA, or SARSEP-IRA, as applicable, and are not taxable to you until the year in which they are distributed.

(f) If you make Salary Reduction Contributions to a SIMPLE IRA or a SARSEP-IRA, you may be eligible for a federal income tax credit. Refer to Section 16 for further information on the credit.

B. Direct Contributions
(i) SIMPLE IRA Contributions
(a) Salary Reduction Contributions
If you are an Eligible Employee, you may authorize your Eligible Employer to make Salary Reduction Contributions on your behalf. The maximum Salary Reduction Contribution you may authorize is limited to the sum of your Maximum Annual Contribution and Catch-Up Contributions.

Generally, there is a 60-day election period prior to the beginning of each year during which you are given the right to enter into or modify your Salary Reduction Contribution election. For the year in which you become eligible to make Salary Reduction Contributions, the period during which you may make or modify your election is a 60-day period that includes either the date you become eligible or the day before. Notwithstanding the preceding sentence, you must be able to commence Salary Reduction Contributions as soon as you become eligible, regardless of whether the 60-day period has ended.

If you are an Eligible Employee in an existing SIMPLE IRA, during the 60-day election period you may enter into or change your Salary Reduction Contribution election for the following calendar year. The 60-day election period is generally the 60-day period immediately preceding January 1 of a calendar year.

Your Eligible Employer may extend the 60-day election period to provide additional opportunities

for Eligible Employees to enter into or modify a Salary Reduction Contribution election.

Once you have authorized Salary Reduction Contributions, your Eligible Employer must make those contributions to your SIMPLE IRA as of the earliest date on which those contributions can reasonably be segregated from the Eligible Employer's general assets but in no event later than 30 days following the last day of the month in which the amounts would otherwise have been payable to you in cash or such other date as prescribed by law.

You may elect to cease making Salary Reduction Contributions at any time during the year. If you terminate your Salary Reduction Contribution election during the year, your Eligible Employer may, but is not required to, prohibit you from making additional Salary Reduction Contributions for the remainder of that calendar year.

(b) Employer Contributions

Your Eligible Employer is required to make contributions to your SIMPLE IRA. Such contributions must be made no later than the due date for filing the Eligible Employer's federal income tax return, including extensions, for the taxable year that includes the last day of the calendar year for which the contributions are made. Employer contributions may either be in the form of a matching contribution or a nonelective contribution.

Matching Contributions

If you make Salary Reduction Contributions to the SIMPLE IRA and if your Eligible Employer elects to make matching contributions, your Eligible Employer generally will make a contribution on your behalf in an amount equal to your Salary Reduction Contributions, up to a limit of 3% of your Compensation for the entire calendar year.

At your employer's option, the 3% limit on matching contributions may be reduced for a calendar year but only if: the limit is not reduced below 1%; the limit is not reduced for more than two calendar years out of the 5-year period that ends with and includes the year for which the election is effective; and you are notified of the reduced limit within a reasonable period of time before the 60-day election period during which you can enter into or modify your Salary Reduction Contribution election.

In determining whether the limit was reduced below 3% for a year, the following will be treated as a year for which the limit was 3%:

- any year prior to the first year in which your Eligible Employer (or any predecessor employer) maintains the SIMPLE IRA;
- the year for which an Eligible Employer chooses to make nonelective contributions instead of making matching contributions.

Nonelective Contributions

Instead of making matching contributions, your Eligible Employer may make nonelective contributions on behalf of Eligible Employees. If you are an Eligible Employee and your Eligible Employer elects to make nonelective contributions, the nonelective contributions made on your behalf must equal 2% of your Compensation for the entire calendar year, regardless of whether you elect to make Salary Reduction Contributions for the calendar year. Your Eligible Employer may, but is not required to, limit nonelective contributions to Eligible Employees who have at least $5,000 (or some lower amount selected by the Eligible Employer) of Compensation for the year. For purposes of determining the 2% nonelective contribution, only $255,000 for 2013 of your Compensation will be taken into account. The $255,000 limit on Compensation may be adjusted by the Secretary of the Treasury from time to time to reflect cost of living increases.

Your Eligible Employer may substitute the 2% nonelective contribution for the matching contribution for a year only if, within a reasonable period of time before the 60-day election period during which Eligible Employees can enter into or modify Salary Reduction Contribution elections, Eligible Employees are notified that a 2% nonelective contribution will be made instead of a matching contribution.

(ii) SEP-IRA Contributions

An Eligible Employer is not required to make contributions every year. When an Eligible Employer does make a contribution, a contribution must be made for each Eligible Employee who actually performed services during the year for which the contribution is made, including those who die, retire or quit before the contribution is made. Contributions by an Eligible Employer must be the same percentage of Compensation for all Eligible Employees. The maximum contribution that may be made on behalf of each Eligible Employee is the lesser of $51,000 for 2013 and thereafter as adjusted for inflation or 25% of the Eligible Employee's Compensation. For purposes of determining a contribution for an Eligible Employee, Compensation does not include Compensation greater than $255,000 for 2013 and thereafter, as indexed for inflation, and any amount that is contributed by the Eligible Employer to an Eligible Employee's SEP-IRA.

If employer contributions are made, they must be made no later than the due date for filing the Eligible Employer's federal income tax return, including extensions, for the taxable year that includes the last day of the calendar year for which the contributions are made.

(iii) SARSEP-IRA Contributions

(a) Salary Reduction Contributions

If you are an Eligible Employee, you may authorize your Eligible Employer to make Salary Reduction Contributions on your behalf. The maximum Salary Reduction Contribution you may authorize is limited to the sum of your Maximum Annual Contribution and Catch-Up Contributions.

Once you have authorized Salary Reduction Contributions, your Eligible Employer must make those contributions to your SARSEP-IRA as of the earliest date on which those contributions can reasonably be segregated from the Eligible Employer's general assets but in no event later than 15 days following the last day of the month in which the amounts would otherwise have been payable to you in cash or such other date as prescribed by law.

(b) Top-heavy Contributions

In any year in which a Key Employee makes a Salary Reduction Contribution, the SARSEP-IRA is deemed to be top-heavy, as described in Section 416 of the Code, and the Eligible Employer is required to make a minimum top-heavy contribution on behalf of each nonkey Eligible Employee. The top-heavy contribution may be made under either the SARSEP-IRA or SEP-IRA.

A Key Employee is defined as any employee who, at any time during the year, is:

- an officer of the employer with compensation greater than $165,000 for 2013 and thereafter, as indexed for inflation;
- a 5% owner of the employer, as defined in Section 416 of the Code; or
- a 1% owner of the employer, as defined in Section 416 of the Code, with compensation greater than $150,000.

(iv) SEP-IRA and SARSEP-IRA Contributions: Additional Limits

If an Eligible Employer maintains a SEP-IRA or maintains a SEP-IRA and a SARSEP-IRA, the combined contributions may not exceed the lesser of 25% of an Employee's Compensation, or $51,000 for 2013 and thereafter, as indexed for inflation. For purposes of this limitation,

- Compensation does not include employer contributions to the SEP-IRA, Salary Reduction Contributions to a SARSEP-IRA, other amounts deferred in certain employee benefit plans or the employee's Compensation in excess of $255,000 for 2013 and thereafter, as indexed for inflation;
- Catch-up Contributions are disregarded, and
- Contributions to other defined contribution plans (Section 401(k) plans, Section 403(b) plans, profit sharing plans or money purchase pension plans) including other SEP-IRAS may be required to be taken into account.

For detailed information regarding which contributions to employee-benefit plans must be included or excluded, consult with your attorney or qualified tax advisor.

(v) Recharacterizations

If you convert your SIMPLE IRA, SEP-IRA, or SARSEP-IRA to a Roth IRA, you may elect to transfer the "converted" assets back to the same type of IRA from which it was converted for any reason.

The rules for conversions, recharacterizations and reconversions are very complex. For detailed information on:

- when it is permissible to convert, recharacterize and/or reconvert contributions,
- the procedures for converting, recharacterizing and reconverting contributions,
- the tax implications of converting, recharacterizing and reconverting contributions, and
- the special rules relating to converting assets held in a SIMPLE IRA to a Roth IRA,

consult with your attorney or qualified tax advisor.

(vi) Rollovers and Transfers Upon Death or Divorce

If, as a result of a divorce or separation decree or a written document related to such decree, you are entitled to receive all or a portion of assets held in a SIMPLE IRA, SEP-IRA or SARSEP-IRA by your spouse or former spouse, you may be eligible to direct that such assets be directly transferred to a new or existing SIMPLE IRA, SEP-IRA or SARSEP-IRA.

If, upon your spouse's death, you are entitled to receive all or a portion of assets held in a SIMPLE IRA, SEP-IRA or SARSEP-IRA by your spouse, you may be eligible to direct that such assets be directly transferred or rolled over to a new or existing SIMPLE IRA, SEP-IRA or SARSEP-IRA, as applicable.

If you, as a nonspouse beneficiary, are entitled to receive all or a portion of assets held in a SIMPLE IRA, SEP-IRA or SARSEP-IRA, you may be eligible to direct that such assets be directly transferred to an Inherited SIMPLE IRA, SEP-IRA or SARSEP-IRA, as applicable.

In the case of a distribution of property other than cash, the same property generally must be rolled over or transferred.

If a beneficiary maintains an inherited IRA within the meaning of Section 408(d)(3)(C) of the Code, generally no contributions may be made to the IRA.

For specific advice as to whether or not all or a portion of the distribution qualifies as a rollover or transfer into a SIMPLE IRA, SEP-IRA or SARSEP-IRA consult with your attorney or qualified tax advisor.

C. Excess Contributions

The following is a brief description of excess contributions. For more information on excess contributions and their tax consequences, as well as information on how to remove excess contributions, consult with your attorney or qualified tax advisor.

(i) Excess SIMPLE IRA Contributions

Contributions exceeding the annual limitations should be distributed from the SIMPLE IRA as soon as possible. Your Eligible Employer may, in accordance with Revenue Procedure 2008-50 or such subsequent guidance issued by the IRS, elect to correct excess contributions utilizing the IRS' Employee Plans Compliance Resolution System voluntary compliance program.

Under this program, if an excess amount is attributable to your Salary Reduction Contributions, your Eligible Employer may effect distribution to you of the excess amount, adjusted for earnings. The amount distributed to you is includible in your gross income in the year of distribution. The distribution of an excess amount is not eligible for favorable tax treatment accorded to distributions from a SIMPLE IRA (and, specifically, is not eligible for tax-free rollover treatment). If the excess amount is attributable to employer contributions, the Eligible Employer may affect a distribution of the employer excess amount, adjusted for earnings through the date of correction, to the Eligible Employer. The distribution of an excess amount to the Eligible Employer is not includible in your gross income.

Notwithstanding the above, if the total excess amount in a SIMPLE IRA, whether attributable to Salary Reduction Contributions or employer contributions, is $100 or less, the Eligible Employer is not required to distribute the excess amount.

(ii) Excess SEP-IRA Contributions

Contributions exceeding the annual limitations are generally included in your gross income for the year. Contributions exceeding the annual limitations may be withdrawn without penalty by the due date (plus extensions) for filing your federal tax return. Earnings attributable to the excess contribution must also be withdrawn and must be included in your gross income. Such earnings may be subject to the 10% Early Withdrawal Tax.

Excess contributions and earnings thereon that are not timely withdrawn may be subject to adverse tax consequences such as a 6% excise tax. Withdrawals of those contributions and earnings thereon may be subject to the 10% Early Withdrawal Tax.

Alternatively, your Eligible Employer may, in accordance with Revenue Procedure 2008-50 or such subsequent guidance issued by the IRS, elect to correct excess contributions utilizing the IRS' Employee Plans Compliance Resolution System voluntary compliance program. If such an election is made, your Eligible Employer will advise you of the procedures.

(iii) Excess SARSEP-IRA Contributions

The following situations will result in excess SARSEP-IRA contributions:

- Contributions are made in excess of the Annual Contribution and Maximum Annual Contribution limits (i.e., amounts in excess of your Maximum Annual Contributions). You must determine whether you have exceeded the limit for the calendar year.
- you are a Highly Compensated Employee whose Salary Reduction Contributions exceed the permissible limits under the SARSEP-IRA ADP test. Your employer must determine if you made excess SARSEP-IRA contributions.
- you have disallowed deferrals**.** If more than half of your employer's Eligible Employees do not elect to make Salary Reduction Contributions for a year, your Salary Reduction Contributions for that year are disallowed deferrals. Your employer must determine if you have disallowed deferrals.

Excess SARSEP-IRA Contributions are subject to the following rules:

(1) Contributions in Excess of the Annual Contribution and Maximum Annual Contribution Limits

If your Salary Reduction Contributions exceed the Annual Contribution limit, the excess Salary Reduction Contributions are subject to the following rules:

The excess Salary Reduction Contributions are includible in your gross income in the calendar year of deferral. Income earned on your excess Salary Reduction Contributions is includible in your gross income in the year of the withdrawal. You should withdraw these excess Salary Reduction Contributions and any income thereon by April 15 following the year to which the deferrals relate.

If you do not withdraw these excess Salary Reduction Contributions and any income thereon by April 15, the excess Salary Reduction Contributions will be subject to the IRA contribution limits of Sections 219 and 408 of the Code and may be considered excess contributions to your IRA. These excess Salary Reduction Contributions are subject to a 6% excise tax for each year they remain in the SARSEP-IRA. In addition, if the income is withdrawn after April 15 and you have not attained age 59½, the income may be subject to the 10% Early Withdrawal Tax.

If the total contributions to your SARSEP-IRA exceed the Maximum Annual Contribution, the excess contributions are subject to the following rules:

You may request a distribution of the excess contributions, adjusted for earnings, through the date of correction. The earnings adjustment is based on the actual rate of return of your SARSEP-IRA from the date the excess contribution was made through the date of correction. If the excess amount is attributable to your Salary Reduction Contributions, the amount of the Salary Reduction Contributions returned to you is includible in your gross income and is taxable.

Alternatively, your employer may elect to retain the excess contributions in your SARSEP-IRA, in which case, the Maximum Annual Contribution must be reduced in future years until the excess is eliminated.

(2) Excess SARSEP-IRA Contributions by Highly Compensated Employees

If you are a Highly Compensated Employee whose Salary Reduction Contributions exceed the permissible limits under the SARSEP-IRA ADP test, you may have excess SARSEP-IRA contributions for a calendar year that may have to be withdrawn from your SARSEP-IRA.

If you have excess SARSEP-IRA contributions that do not have to be withdrawn (because you had unused Catch-up Contributions), the following rules on including the contributions in income, withdrawing the contributions, and penalties if you don't withdraw them do not apply to these excess contributions.

By March 15 following the calendar year for which you made the excess SARSEP-IRA contributions, your employer must notify you of any excess contributions and whether or not they must be withdrawn. The notification should include the amount of the excess SARSEP-IRA contributions, the amount that must be withdrawn, the calendar year for which the excess contributions should be included in income, and the penalties that may be assessed if the contributions that must be withdrawn are not withdrawn from your SARSEP-IRA within the applicable time period.

Generally, you include the excess SARSEP-IRA contributions in income for the calendar year in which you made the original deferrals. This may require you to file an amended individual income tax return. However, any excess SARSEP-IRA contributions less than $100 (not including allocable income) must be included in income in the calendar year of notification from your employer. Income earned on these excess SARSEP-IRA contributions must be included in your gross income when you withdraw it from your SARSEP-IRA.

You must withdraw these excess SARSEP-IRA contributions and allocable income from your SARSEP-IRA. You may withdraw these amounts without penalty until April 15 following the calendar year in which you were notified by your employer of the excess SARSEP-IRA contributions. Otherwise, the excess SARSEP-IRA contributions are subject to the IRA contribution limits of Sections 219 and 408 of the Code for the preceding calendar year and may be considered an excess contribution to your IRA. Thus, the excess contributions may be subject to a 6% excise tax for each year the contributions remain in your IRA.

If you do not withdraw the income earned on the excess SARSEP-IRA contributions by April 15 following the calendar year of notification by your employer, the income may be subject to a 10% Early Withdrawal Tax if you have not attained age 59½ when you withdraw it.

If you have both excess Salary Reduction Contributions and excess SEP-IRA contributions, the amount of the excess Salary Reduction Contributions that you withdraw by April 15 will reduce any excess SEP-IRA contributions that must be withdrawn for the corresponding calendar year.

(3) Disallowed Deferrals

If more than 50% of your employer's Eligible Employees do not elect to make Salary Reduction Contributions in a calendar year, then no Eligible Employee may participate for that calendar year. If you make Salary Reduction Contributions during a year in which this happens, then your deferrals for that year will be "disallowed" and the deferrals will be treated as ordinary IRA contributions (which may be excess IRA contributions) rather than contributions to your SARSEP-IRA.

By March 15 following the year for which Disallowed Deferrals were made, your employer must notify you that your Salary Reduction Contributions have been disallowed. Such Disallowed Deferrals are includible in your gross income in that preceding calendar year. Income allocable to the Disallowed Deferrals is includible in your gross income in the year of withdrawal from your SARSEP-IRA.

Disallowed Deferrals and any income the deferrals have earned may be withdrawn without penalty until April 15 following the calendar year in which you are notified by your employer of the Disallowed Deferrals. Amounts left in the SARSEP-IRA after that date will be subject to the same penalties discussed above.

(iv) Income on Excess Amounts

The rules for determining and allocating income to excess Salary Reduction Contributions, excess SARSEP-IRA contributions, Disallowed Deferrals, excess SEP-IRA contributions and excess SIMPLE IRA contributions are the same as those governing excess Traditional IRA contributions.

D. Tax Effect of SIMPLE IRA, SEP-IRA and/or SARSEP-IRA Contributions

Amounts within the above limits which have been contributed on your behalf to a SIMPLE IRA, SEP-IRA and/or SARSEP-IRA are excluded from your income for federal income tax purposes until such amounts are distributed to you.

E. Trustee-to-Trustee Transfers & Rollover Contributions

(i) General Rules

For specific advice as to whether or not all or a portion of your contribution qualifies as a rollover or transfer, consult with your attorney or qualified tax advisor.

I. Trustee-to-trustee transfers

A trustee-to-trustee transfer is a direct transfer of cash or other assets from one custodian or trustee to another custodian or trustee. Since there is no distribution paid to you, they are generally neither includible in your income nor deductible. There is no limit on the dollar amount of trustee-to-trustee transfers and no limitation on the number of trustee-to-trustee transfers that may be made within a one-year period.

II. Rollovers

(a) Direct Rollovers. A Direct Rollover is a direct payment of all or a portion of an Eligible Rollover Distribution to your IRA.

The taxable portion of your Eligible Rollover Distribution that is directly rolled over to your non-Roth IRA is not taxed until it is distributed to you.

(b) Indirect Rollovers. An Indirect Rollover is a direct payment to you of an Eligible Rollover Distribution which is then rolled over by you to your IRA no later than the 60th day after the day you receive the distribution. Since the Eligible Rollover Distribution is being paid directly to you, the taxable portion of the distribution is subject to federal income tax withholding and may be subject to a 10% Early Withdrawal Tax described in Section 9.

(c) Rollover Format. If the assets distributed from your IRA or Employer-Sponsored Eligible Retirement Plan are property other than cash, the identical property must generally be contributed to your IRA in order to qualify for rollover treatment.

(d) Limit on Rollovers. Generally, if you make a rollover of any part of a distribution from your IRA, you cannot, within a one-year period, make a rollover of any later distribution from that same IRA. You also cannot make a rollover of any amount distributed within the same one-year period from the IRA into which you made the rollover.

The one-year period begins on the date that you receive the distribution and not on the date it is rolled over into another IRA.

There is no limit on the number of rollovers you can make to your IRA from Employer Sponsored Eligible Retirement Plans.

(e) Waiver of 60-Day Rollover Period. The IRS may waive the 60-day rollover requirement if failure to do so would be against equity or good conscience, for example, if the failure was due to casualty, disaster or other events beyond the reasonable control of the individual.

(ii) Rollovers and Transfers to First Investors SIMPLE IRAs, SEP-IRAs and SARSEP-IRAs

SIMPLE IRA Contributions

Contributions from another SIMPLE IRA which are either trustee-to-trustee transfers or qualify as Eligible Rollover Contributions described in Section 408(p) of the Code may be made to your First Investors SIMPLE IRA.

SEP-IRA Contributions

Contributions from another SEP-IRA which are either trustee-to-trustee transfers or qualify as Eligible Rollover Contributions described in Section 402(c) or 408(d)(3) of the Code may be made to your First Investors SEP-IRA. If acceptable to First Investors, other Eligible Rollover Contributions described in Section 402(c), 403(a)(4), 403(b)(8), 408(d)(3) or 457(e)(16) of the Code may be made to your First Investors SEP-IRA.

SARSEP-IRA Contributions

Contributions from another SARSEP-IRA which are either trustee-to-trustee transfers or qualify as Eligible Rollover Contributions described in Section 402(c) or 408(d)(3) of the Code may be made to your First Investors SARSEP-IRA.

F. Repayment of Qualified Reservist Distributions

If you are an individual who is ordered or called to active duty after September 11, 2001, for a period in excess of 179 days or for an indefinite period, and you received a Qualified Reservist Distribution in accordance with Section 72(t)(2)(G) of the Code, you may make one or more contributions to your SIMPLE IRA, SEP-IRA or SARSEP-IRA up to the amount of your Qualified Reservist Distribution. The repayments may be made at any time during the two-year period beginning on the day after the end of your active duty. Such repayments are not subject to the IRA limits on contributions described herein. Any contribution made under this section 6.F does not qualify for a tax deduction.

G. Other Contributions

From time to time, the Code and IRS may permit other contributions to be made to your IRA. For example, you may be eligible to make to your IRA repayments you received as a result of a federally declared disaster. For more information on these and other permissible contributions, consult with your attorney or qualified tax advisor.

7. DISTRIBUTIONS

A. Distributions Subject to 401(a)(9)

All distributions are subject to the requirements of Section 401(a)(9) of the Code. The provisions of Section 401(a)(9) of the Code override any distribution options which are inconsistent with such section of the Code.

B. Distribution Requests

(i) General Rule

Distributions and transfers generally may be made from your SIMPLE IRA, SEP-IRA or SARSEP-IRA at any time.

(ii) Special Rule for SARSEP-IRAs

If you participate in a SARSEP-IRA and are a Highly Compensated Employee, you may not withdraw or transfer your Salary Reduction Contributions (or income on these contributions) made during the year until March 15 of the following year or, if sooner, at the time your employer notifies you that the SARSEP-IRA ADP Test has been completed for that year. In general, any transfer or distribution made before this time is includible in your gross income and may also be subject to a 10% Early Withdrawal Tax. You may, however, remove excess Salary Reduction Contributions from your SARSEP-IRA before this time but you may not roll over or transfer these excess contributions to another IRA or into an eligible retirement plan that accepts rollovers.

C. Methods of Distribution

(i) SIMPLE IRA

You may receive a distribution from your SIMPLE IRA in cash or, if you satisfied the "2-year period" described in Section 7.F, roll over all or part of your Eligible Rollover Distribution into another IRA or into an eligible retirement plan that accepts rollover contributions from SIMPLE IRAs.

(ii) SEP-IRA and SARSEP-IRAs

You may receive a distribution from your SEP-IRA or SARSEP-IRA in cash or roll over all or part of your Eligible Rollover Distribution into another IRA (other than a SIMPLE IRA) or into an eligible retirement plan that accepts rollover contributions from SEP-IRAs or SARSEP-IRAs.

(iii) SIMPLE IRAs, SEP-IRAs and SARSEP-IRAs

You may transfer the assets to another trustee or custodian.

D. Rules on Rollovers and Transfers

(i) General

Unlike annual contributions, there is no limit on the dollar amount of trustee-to-trustee transfers and rollovers.

For specific advice as to whether or not all or a portion of your distribution qualifies as a rollover or transfer, consult with your attorney or qualified tax advisor.

(ii) Rollovers

A direct rollover is a direct payment of all or a portion of your SIMPLE IRA, SEP-IRA or SARSEP-IRA that qualifies as an Eligible Rollover Distribution to another IRA or eligible retirement plan that accepts rollover contributions from SIMPLE IRAs, SEP-IRAs, or SARSEP-IRAs.

An indirect rollover is a distribution of all or a portion of your SIMPLE IRA, SEP-IRA or SARSEP-IRA that qualifies as an Eligible Rollover Contribution which is then contributed within 60 days to another IRA or eligible retirement plan that accepts such rollovers. The IRS may waive this 60-day rollover requirement if failure to do so would be against equity or good conscience, for example, the failure was due to casualty, disaster or other events beyond the reasonable control of the individual.

If the assets distributed from your SIMPLE IRA, SEP-IRA or SARSEP-IRA are property other than cash, the identical property must generally be rolled over to your IRA or eligible retirement plan that accepts such rollovers in order to qualify for tax-free rollover treatment.

It is not necessary to roll over the entire amount of an Eligible Rollover Distribution. You may roll over a portion of the distribution and keep the remainder. However, the amount you retain may be taxed as ordinary income and may be subject to an Early Withdrawal Tax.

To properly roll over all or part of your SIMPLE IRA, SEP-IRA or SARSEP-IRA that qualifies as an Eligible Rollover Distribution, you must make a timely written rollover election that such amount is to be treated as a rollover contribution.

Rollovers from an IRA to another IRA or eligible retirement plan that accepts such rollovers are allowed only once within a one-year period. The one-year period begins on the date that you receive the distribution and not on the date it is rolled over into another IRA or an eligible retirement plan that accepts such rollovers.

(iii) Transfers

A trustee-to-trustee transfer is a direct transfer of cash or other assets from one custodian or trustee to another custodian or trustee. There is no

distribution paid to you and there is no limitation on the number of trustee-to-trustee transfers that may be made within a one-year period.

Since trustee-to-trustee transfers are not distributions or rollovers, required minimum distributions as described below may be transferred provided the aggregate required minimum distribution is satisfied before the end of the distribution year.

(iv) Rollovers and Transfers
Before making a trustee-to-trustee transfer or rollover of all or a portion of your SIMPLE IRA, SEP-IRA or SARSEP-IRA to an unaffiliated company, the successor trustee or custodian may be required to agree in writing to accept the transferred or rolled over assets.

E. Payments to Beneficiary
(i) Surviving Spouse
If your surviving spouse is your Beneficiary, upon your death, your surviving spouse may treat your SIMPLE IRA, SEP-IRA or SARSEP-IRA as his or her own, maintain your SIMPLE IRA, SEP-IRA or SARSEP-IRA as an Inherited IRA, receive a distribution from your SIMPLE IRA, SEP-IRA or SARSEP-IRA in cash, or roll over the assets into an IRA or into a qualified plan, a Section 403(a) annuity, a Section 403(b) annuity or custodial account or a Governmental 457 Plan in which your surviving spouse participates provided the plan accepts such rollovers. Your surviving spouse should consult with an attorney or qualified tax advisor.

(ii) Nonspouse Beneficiaries
If your Beneficiary is an individual other than your surviving spouse, then, to the extent permitted under Section 402(c)(11) of the Code, upon your death, your nonspouse Beneficiary may directly transfer that portion of the SIMPLE IRA, SEP-IRA or SARSEP-IRA that qualifies as an Eligible Rollover Distribution to an Inherited IRA. The Custodian shall make such transfer in accordance with regulations, rulings and other administrative pronouncements issued by the IRS. Your Beneficiary should consult with a qualified tax advisor or attorney.

(iii) Special Rule for SIMPLE IRAs
Under current law, your Beneficiary is not permitted to roll over or transfer the assets to a non-SIMPLE IRA until two years after the date you first participated in your SIMPLE IRA. The 2-year period begins on the first day on which your employer deposited contributions into your SIMPLE IRA. Your Beneficiary should consult with a qualified tax advisor or attorney.

(iv) Trustee-to-trustee transfers
Upon your death, your Beneficiary may request a transfer of assets to another trustee or custodian. Since trustee-to-trustee transfers are not distributions or rollovers, required minimum distributions as described below may be transferred provided the aggregate required minimum distribution is satisfied before the end of the distribution year.

F. Tax Consequences of Rollovers and Transfers
Generally, trustee-to-trustee transfers and rollovers are neither includible in income nor deductible. However, if you roll over all or part of your SIMPLE IRA, SEP-IRA or SARSEP-IRA to a Roth IRA, the amount rolled over is includible in gross income in the same manner as a conversion. Refer to Sections 7.H and 9.A for more information on Conversions.

Whether distributions from a SIMPLE IRA are tax-free depends on whether the rollover occurs within the "2-year period" which begins on the first day on which your employer deposited contributions into your SIMPLE IRA. If, during this 2-year period, an amount is paid from a SIMPLE IRA directly to an eligible retirement plan or an IRA that is not a SIMPLE IRA, the payment is neither a tax-free trustee-to-trustee transfer nor a rollover contribution. Instead, the payment is a distribution from the SIMPLE IRA and a regular contribution to the eligible retirement plan or the other IRA. That is, the payment is treated as a regular annual contribution and is subject to the contribution limits of the IRA or eligible retirement plan to which the payment was made.

After the expiration of the 2-year period, an amount in a SIMPLE IRA that qualifies as an Employer Rollover Contribution can be rolled over to another IRA or to an eligible retirement plan that accepts rollover contributions from IRAs. Such rollover is generally tax-free unless the rollover is made to a Roth IRA.

G. Required Minimum Distributions
Note: Section 401(a)(9)(H) of the Code provides that neither you nor your Beneficiaries were required to take Required Minimum Distributions for the calendar year 2009. As a result, if you had a Required Beginning Date (defined below) of April 1, 2010, you were not required to take a 2009 Required Minimum Distribution. Furthermore, Beneficiaries who were required to take 2009 Required Minimum Distributions because:
- you died before your Required Beginning Date,
- your death occurred before January 1, 2009, and
- the Beneficiary is to receive the entire Custodial Account by the end of the calendar year that contains the fifth anniversary of your death and the fifth anniversary of your death was December 31, 2009 or later

will receive an extra year to receive the entire Custodial Account.

You are generally required to begin to receive distributions from your SIMPLE IRA, SEP-IRA or SARSEP-IRA no later than your Required Beginning Date, i.e., no later than April 1 of the year following the calendar year in which you reach age 70½. In addition, a distribution must be made on or before December 31st of the year following the calendar year in which you reach age 70½ and for each succeeding year. These distributions are called required minimum distributions. To satisfy this requirement, you may choose to receive either the entire interest in your SIMPLE IRA, SEP-IRA or SARSEP-IRA or payments over a period no greater than your life expectancy or the life expectancy of you and your Designated Beneficiary. You are solely responsible for complying with the required minimum distribution rules. In order to enforce compliance with the minimum distribution requirements, the IRS imposes a 50% penalty on the amount by which the required minimum distribution exceeds the actual amount distributed.

Your Beneficiaries will generally have until December 31 of the year following your death to begin receiving required minimum distributions. Exceptions exist if your Beneficiary is your surviving spouse or if your Beneficiary is required or chooses to distribute his or her share of your SIMPLE IRA, SEP-IRA or SARSEP-IRA within a five-year period. Your Beneficiaries are solely responsible for complying with the required minimum distribution rules.

The following is a brief description of the rules relating to the minimum distribution requirements. For specific advice on required minimum distributions for inherited IRAs within the meaning of Section 408(d)(3)(C) of the Code, consult with your attorney or qualified tax advisor.

I. Definitions
Definitions specific to Required Minimum Distributions are as follows:
- Required Beginning Date: The Required Beginning Date for SIMPLE IRAs, SEP-IRAs and SARSEP-IRAs is April 1 of the year following the year in which you attain age 70½.
- Designated Beneficiary:
  (1) For the purpose of complying with the required minimum distribution rules, Section 401(a)(9) of the Code provides a specific definition of Designated Beneficiary as well as rules as to how the Designated Beneficiary is to be determined upon your death. Therefore, the Designated Beneficiary for the purpose of complying with Section 401(a)(9) of the Code may differ from the Beneficiary you named in accordance with Section 8.
  (2) The Designated Beneficiary is determined as of September 30th of the calendar year following the calendar year of your death.
  (3) Only individuals may be Designated Beneficiaries.
  (4) Any person who was a named Beneficiary on the date of your death but is not a Beneficiary as of September 30th of the calendar year following the calendar year of your death (because, for example, he or she disclaimed entitlement or received his or her entire benefit) will not be taken into account in determining the Designated Beneficiary.
  (5) If, as of September 30th of the year following the year in which you die, there is more than one named Beneficiary, the Beneficiary with the shortest life expectancy will be the Designated Beneficiary if the following apply:
  - all of the named Beneficiaries are individuals; and
  - your SIMPLE IRA, SEP-IRA or SARSEP-IRA has not been divided into separate accounts or shares for each Beneficiary in accordance with rules prescribed by the IRS.

  (6) A trust cannot be a Designated Beneficiary even if it is a named Beneficiary. However, the beneficiaries of a trust will be treated as Designated Beneficiaries for determining the distribution period if all of the following are true:
  (aa) the trust is a valid trust under state law, or would be but for the fact that there is no corpus.
  (bb) the trust is irrevocable or will, by its terms, become irrevocable upon your death.
  (cc) the beneficiaries of the trust who are beneficiaries with respect to the trust's interest in your benefit are identifiable from the trust instrument.
  (dd) First Investors has been provided with ***either*** a copy of the trust instrument with an agreement that if the trust instrument is amended, First Investors will be provided with a copy of the amendment within a reasonable time, ***or*** First Investors is provided with all of the following:
  - a list of all of the beneficiaries of the trust (including contingent and remaindermen beneficiaries with a description of the conditions of their entitlement);
  - certification that, to the best of your knowledge, the list is correct and complete and that the requirements of (aa), (bb), and (cc) above, are met;
  - an agreement that, if the trust instrument is amended at any time in the future, you will, within a

reasonable time, provide First Investors with corrected certifications to the extent that the amendment changes any information previously certified; and
- an agreement to provide a copy of the trust instrument to First Investors upon demand.

If the beneficiary of the trust is another trust and the above requirements are met for both trusts, the beneficiaries of the other trust will be treated as having been designated as beneficiaries for purposes of determining the distribution period.

II. Form of Payments
The annual required minimum distribution can be taken in a series of installments (monthly, quarterly, etc.) as long as the total distribution for the year is at least as much as the required minimum amount.

III. Amount of Payments
The amount of the required minimum distribution is based on your SIMPLE IRA, SEP-IRA or SARSEP-IRA balance. Your First Investors IRA balance is the amount held by the Custodian at the end of the year preceding the year for which the required minimum distribution is being calculated. Your First Investors IRA balance is adjusted by certain rollovers and transfers.

IV. Multiple IRAs
If you have more than one IRA, you must determine the required minimum distribution separately for each IRA. However, you can total these required minimum distribution amounts and take the total from any one or more of your non-Roth IRAs.

Likewise, if you are a Designated Beneficiary who inherited more than one non-Roth IRA from the same decedent, you can total the required minimum distribution amounts and take the total from any one or more of your non-Roth Inherited IRAs from the same decedent.

V. Determination of Required Minimum Distributions
Required minimum distributions during your lifetime and in the year of your death if you die after your Required Beginning Date are based on a distribution period that can be determined using a single table and your age (Uniform Lifetime Table). The Uniform Lifetime Table is not affected by the age of the Beneficiary you named unless your sole named Beneficiary is a spouse who is more than 10 years younger than you. If your spouse is more than 10 years younger than you, a joint life and last survivor expectancy table may be used.

If you die after your Required Beginning Date and if you had not taken the required minimum distribution for the year of your death, your Beneficiary must take the required distribution before the end of the year in which death occurred using your required distribution schedule.

If you die after your Required Beginning Date and if
(1) the Designated Beneficiary as determined under Section 401(a)(9) of the Code is an individual, required minimum distributions for years after the year of your death are based on the longer of the Designated Beneficiary's single life expectancy or your remaining life expectancy.
(2) you do not have a Designated Beneficiary as determined under Section 401(a)(9) of the Code, required minimum distributions for years after the year of your death generally are based on your remaining life expectancy.

If you die before your Required Beginning Date, and if
(1) the Designated Beneficiary is an individual, the Beneficiary may elect to receive the entire IRA held by the Custodian based on the Beneficiary's single life expectancy.
(2) the Designated Beneficiary is an individual, the Beneficiary may elect to receive the entire IRA held by the Custodian by the end of the calendar year which contains the fifth anniversary of the date of your death. If this election is made, no distribution is required for any year before that fifth year.
(3) the sole Beneficiary is your surviving spouse, the Beneficiary may elect to commence receiving distributions on or before the later of:
- the end of the calendar year immediately following the calendar year in which you died; or
- the end of the calendar year in which you would have attained age 70½.

(4) the Designated Beneficiary is an individual who fails to make an election under (1), (2) or (3), distributions will be based upon the Beneficiary's single life expectancy and distributions must commence on or before the end of the calendar year immediately following the calendar year in which you died.

If you die before your Required Beginning Date and your Beneficiary is not an individual, e.g. your Beneficiary is your estate or an entity, your Beneficiary must receive the entire IRA held by the Custodian by the end of the calendar year which contains the fifth anniversary of the date of your death. No distribution is required for any year before that fifth year.

H. Conversions
You may convert your SEP-IRA and/or SARSEP-IRA and, under certain circumstances your SIMPLE IRA to a Roth IRA.

If you convert your SIMPLE IRA, SEP-IRA or SARSEP-IRA to a Roth IRA, you may elect to transfer the "converted" assets back to a non-Roth IRA for any reason.

If you convert your SIMPLE IRA, SEP-IRA or SARSEP-IRA to a Roth IRA and then recharacterize that amount (i.e., transfer the amount back to a non-Roth IRA) you may be able to reconvert that amount into a Roth IRA.

The rules of conversions, recharacterizations and reconversions are very complex. For detailed information on:
- when it is permissible to convert, recharacterize and /or reconvert contributions,
- the procedures for converting, recharacterizing and reconverting contributions,
- the tax implications of converting, recharacterizing and reconverting contributions, and
- the special rules relating to converting assets held in a SIMPLE IRA to a Roth IRA,

consult with your attorney or qualified tax advisor.

I. Transfer Upon Divorce
Your spouse or former spouse may, pursuant to a divorce or separation decree or a written document related to such decree, transfer assets from your IRA to his or her IRA. Your spouse or former spouse should consult with a qualified tax advisor or attorney.

J. Qualified Reservist Distribution
You may request a Qualified Reservist Distribution. A Qualified Reservist Distribution means a distribution from an IRA that is made to an individual who is ordered or called to active duty after September 11, 2001, for a period in excess of 179 days or for an indefinite period. Such distribution may only be made during the period beginning on the date of such order or call to active duty and ending at the close of the active duty period.

K. IRS Levy
To the extent permitted by applicable federal law, the Custodian, upon receipt of an IRS levy against your IRA (Levy), may liquidate assets held in such IRA with or without notice to you, and forward the proceeds to satisfy such Levy.

8. BENEFICIARY DESIGNATION
(a) When you establish your First Investors IRA, you have the right to name Beneficiaries to receive the balance in your First Investors IRA in the event of your death.

Upon your death, payment will be made in accordance with your valid Beneficiary Designation regardless of any contrary state law.

(b) You may designate your Beneficiaries by using First Investors' form or by designing your own Beneficiary Designation. Regardless of which method you choose, in order to be valid, your Beneficiary Designation must be received and accepted by First Investors. You should consult with a qualified attorney before making a Beneficiary Designation particularly if you are designating anyone other than an individual as a Beneficiary and/or if you are attempting to design your own Beneficiary Designation.

Your valid Beneficiary Designation shall apply to all your existing and future First Investors IRA accounts established under the same First Investors IRA Application. Therefore, if you wish to designate different beneficiaries on certain First Investors IRA accounts, you must complete separate First Investors IRA Applications setting forth the respective Beneficiary Designations.

(c) It is your responsibility to ensure that any Beneficiary Designation complies at all times with state law, federal law and any applicable domestic relations order. Therefore, you are responsible for periodically reviewing, and, if necessary, updating Beneficiary Designations to ensure such compliance.

(d) You have the right to change your Beneficiary Designation from time to time and the responsibility to periodically review, and if necessary change your Beneficiary Designation, especially whenever there is a change in circumstance, to ensure compliance with state law, federal law and any applicable domestic relations order. Any change in your Beneficiary Designation must be in writing and must list all your intended Primary and Contingent Beneficiaries since it will revoke and replace any prior Beneficiary Designation on file for all your First Investors IRA accounts established under the Master Account indicated on your change request. To be valid, your new Beneficiary Designation must be received and accepted by First Investors.

If you do not file a change in Beneficiary Designation with First Investors, it shall be deemed that you represent that the most current Beneficiary Designation on file with First Investors complies with all federal and state laws and any applicable domestic relations order and that the Custodian and First Investors may rely on such representations without liability.

(e) If you designed your own Beneficiary Designation which was received and accepted by First Investors then, upon your death, payment of your First Investors IRA will be made in accordance with such Beneficiary Designation.

(f) Unless you design your own Beneficiary Designation, upon your death, payment of your First Investors IRA will be made to your Primary Beneficiaries who survive you regardless of the duration of time that a Primary Beneficiary survives you. If you name more than one Primary Beneficiary without indicating the percentage of your First Investors IRA allocated to each, upon your death, each Primary Beneficiary who survives you will be entitled to an equal share of your First Investors IRA. In the event of a Primary Beneficiary's death prior to your death, his or her interest in your First Investors IRA will be divided among your surviving Primary Beneficiaries, pro rata, unless you specify otherwise in a form acceptable to and approved by First Investors. In the event a Primary Beneficiary dies after your death, the share of such deceased Primary Beneficiary will be distributed to the Successor Beneficiary as defined in Section 8(l). If no Successor Beneficiary survives the Primary Beneficiary or if no valid Successor Beneficiary Designation is on file with First Investors on the date of the Primary Beneficiary's death, then the share of such deceased Primary Beneficiary will be distributed to his or her estate.

If no Primary Beneficiary survives you, then payment of your First Investors IRA will be made to your Contingent Beneficiaries who survive you regardless of the duration of time that a Contingent Beneficiary survives you. If you name more than one Contingent Beneficiary without indicating the percentage of your First Investors IRA allocated to each, upon your death, each Contingent Beneficiary who survives you will be entitled to an equal share of your First Investors IRA. In the event of a Contingent Beneficiary's death prior to your death, his or her interest in your First Investors IRA will be divided among your surviving Contingent Beneficiaries, pro rata, unless you specify otherwise in a form acceptable to and approved by First Investors. In the event a Contingent Beneficiary dies after your death, the share of such deceased Contingent Beneficiary will be distributed to the Successor Beneficiary as defined in Section 8(l). If no Successor Beneficiary survives the Contingent Beneficiary or if no valid Successor Beneficiary Designation is on file with First Investors on the date of the Contingent Beneficiary's death, then the share of such deceased Contingent Beneficiary will be distributed to his or her estate.

(g) In the event that you designated a trust, an estate, an entity, a class of persons, and/or a juridical person as a Primary or Contingent Beneficiary of your First Investors IRA, then upon your death, the Custodian and First Investors may, upon proof of his, her or their appointment or incumbency, rely on the written certifications and instructions and the determination of beneficiaries as provided to First Investors by the trustee of the trust, the executor, administrator or other court-appointed personal representative of the estate, or an authorized representative of the entity or juridical person. Alternatively, in order to determine the proper disposition of your First Investors IRA, First Investors, in its sole discretion, has the right to require and is authorized to act upon instructions and certifications from the duly appointed executor, administrator or other court-appointed personal representative of your estate.

(h) If no Beneficiary survives you, or if no valid Beneficiary Designation is on file with First Investors on the date of your death, then your First Investors IRA will be paid to your estate.

(i) If at the time of your death your Beneficiary is not a U.S. citizen or other U.S. person (such as a resident alien), the distribution options and tax treatment available to such beneficiary may be more restrictive.

(j) If upon your death (or the death of a Beneficiary) your First Investors IRA is payable to a person known by First Investors to be a minor or under a legal disability, First Investors may, in its absolute discretion, make all or any part of the distribution to:

- a parent of such person;
- the guardian, conservator, or other legal representative, wherever appointed, of such person;
- a custodial account established under a Uniform Gifts to Minors Act, Uniform Transfers to Minors Act, or similar act;
- any person having control or custody of such person; or
- such person directly, unless such person is a minor.

(k) Notwithstanding anything herein to the contrary, if a First Investors IRA is established for a minor under the provisions of either the Uniform Gifts to Minors Act or Uniform Transfers to Minor Act, the beneficiary of such IRA, while so established and maintained, shall be the minor's estate or as otherwise determined in accordance with the applicable state Uniform Gifts to Minors Act or Uniform Transfers to Minor Act.

(l) Notwithstanding anything to the contrary herein, a Beneficiary may disclaim all or a portion of an interest in the First Investors IRA provided that the Beneficiary has not previously accepted any interest in the property to be disclaimed and the disclaimer:

- is in a form acceptable to First Investors;
- identifies the individual for whom the First Investors IRA was established;
- identifies the Beneficiary's interest and the extent of the interest to be disclaimed;
- declines, refuses or renounces the interest to be disclaimed; and
- satisfies the disclaimer requirements of the state of the deceased individual's domicile.

First Investors may accept a trust's disclaimer made by a trustee on behalf of (i) a trust which is the Beneficiary of the First Investors IRA; and (ii) the beneficiary(ies) of the trust provided that (1) the disclaimer satisfies the aforementioned requirements; and either (2) state law of the deceased individual's domicile or the instrument governing the trust expressly gives the trustee the right to disclaim an interest on behalf of the trust and the beneficiary(ies); or (3) the beneficiary(ies) affected by the disclaimer consent.

First Investors may accept a disclaimer made by an executor, administrator or other court-appointed personal representative of an estate, or an authorized representative of the entity or juridical person, provided that (I) such executor, administrator or other court-appointed personal representative of an estate, or an authorized representative of the entity or juridical person provides evidence of his or her or its appointment in a form and manner acceptable to First Investors; (II) the disclaimer satisfies the aforementioned requirements; and either (III) state law of the deceased individual's domicile or the instrument governing the estate expressly gives such personal representative the right to disclaim an interest on behalf of the estate and the beneficiary(ies); or (IV) the beneficiary(ies) affected by the disclaimer consent.

(m) Subject to applicable state law, if you die before your entire interest is distributed to you and if a Designated Beneficiary as defined in Section 7 elects to keep his or her portion of your First Investors IRA in your name – i.e., creates an "inherited IRA" subject to the distribution rules outlined in Section 7 of this Disclosure Statement, then that Designated Beneficiary (Original Beneficiary) may, by written notice to First Investors in a form acceptable to First Investors, designate a beneficiary or beneficiaries (Successor Beneficiary) to receive the share of such deceased Original Beneficiary upon his or her death. Neither the Original Beneficiary nor any Successor Beneficiary may change the method of distribution and the age of the Successor Beneficiary shall have no effect upon the life expectancy factor determined by the method of distribution. Except as otherwise provided in this Section 8, a Successor Beneficiary Designation by a Designated Beneficiary is subject to all the rules of Section 8 that apply to a Beneficiary Designation by you.

(n) If, First Investors, in its sole judgment believes that there is doubt or controversy as to the determination of your beneficiaries, First Investors may resolve such doubt by judicial determination which shall be binding on all parties claiming any interest in your First Investors IRA. In such event all court costs, legal expenses, reasonable compensation of time expended by First Investors in the performance of its duties, and other appropriate and pertinent expenses and costs, including reasonable attorney's fees, shall be paid from your First Investors IRA.

(o) Neither the Custodian nor First Investors is responsible for:

- reviewing Beneficiary Designations as they are filed or at any time thereafter to determine if they sufficiently identify beneficiaries, if they are valid under state or federal law, or any domestic relations order, or if they accomplish your intended purposes;
- reviewing trusts, wills or other documents that may be identified in your Beneficiary Designation or provided with your Beneficiary Designation;
- administering any trust identified in your Beneficiary Designation;
- determining actual members of a class of persons named in your Beneficiary Designation.

(p) Neither the Custodian nor First Investors is liable for any damages, claims or causes of action resulting from:

- a determination that your Beneficiary Designation is invalid under federal or state law, or any domestic relations order;
- incorrect distributions that are due to the failure to provide sufficient information to enable First Investors to properly identify your intended Beneficiary or Beneficiaries;
- your failure to update your Beneficiary Designations as your circumstances change; or,
- if you have named a trust as your Beneficiary, your failure to provide First Investors with a copy of the trust and subsequent amendments to the trust, the failure of the trustees to properly identify beneficiaries of the trust, or the failure of the trust to be created.

(q) The Custodian and First Investors shall be entitled to rely without liability on any representation of facts made by you, your Beneficiary, the executor, administrator or other court-appointed personal representative of your estate, the executor, administrator or other court-appointed personal representative of any Beneficiary's estate, or any other person or entity which the Custodian and/or First Investors believes to be authorized to act in determining the identity of the beneficiaries at the time of your death.

(r) The Custodian and First Investors are authorized to rely without liability on written certifications and instructions made by you, your Beneficiary, the executor, administrator or other court-appointed personal representative of your

estate, the executor, administrator or other court-appointed personal representative of any Beneficiary's estate, or any other person or entity which the Custodian and/or First Investors believes to be authorized to act on your or your Beneficiary's behalf. Neither the Custodian nor First Investors shall have any liability in following such instructions, even if those instructions are subsequently challenged in court by a trustee, executor, administrator or any other person.

(s) You should consult with a qualified attorney before making your Beneficiary Designation, particularly if you are designating anyone other than an individual as a Beneficiary and/or if you are attempting to design your own Beneficiary Designation.

(t) You agree on behalf of yourself, your Beneficiary or Beneficiaries, heirs, assigns and any other person or persons who may claim to succeed to any interest in your First Investors IRA (Successors or Assigns) that neither the Custodian nor First Investors shall be liable to such Successors or Assigns for any errors made in distributing the assets in your First Investors IRA after your death, except for errors that are intentional or the result of bad faith, and that the sole remedy of such Successors and Assigns shall be to bring an action or proceeding against the person or persons who they claim wrongfully received the distribution or distributions from your First Investors IRA.

9. TAX TREATMENT OF DISTRIBUTIONS

A. Federal Income Tax of IRAs

As a general rule, distributions from your SIMPLE IRA, SEP-IRA or SARSEP-IRA, other than rollovers and transfers that comply with the requirements of Section 408 of the Code, are includible in gross income for federal income tax purposes in the year they are distributed.

However, you may roll over (convert) all or a portion of your SEP-IRA or SARSEP-IRA that qualifies as a Employer Rollover Contribution to a Roth IRA at any time. You may roll over (convert) all or a portion of your SIMPLE IRA that qualifies as an Employer Rollover Contribution to a Roth IRA only after a 2-year period has expired since you first participated in the SIMPLE IRA. If you convert all or part of your SIMPLE IRA, SEP-IRA or SARSEP-IRA to a Roth IRA, the amount of the conversion is includible in gross income for federal tax purposes in the year it is distributed from your SIMPLE IRA, SEP-IRA or SARSEP-IRA.

A single lump sum distribution from your SIMPLE IRA, SEP-IRA or SARSEP-IRA is not entitled to ten year averaging or capital gains treatment that may apply to lump sum distributions from a qualified plan.

For specific advice as to whether or not all or a portion of your distribution qualifies as a tax-free rollover or transfer, consult with your attorney or qualified tax advisor.

B. Early Withdrawal Tax

(i) General

In general, distributions from your SIMPLE IRA, SEP-IRA or SARSEP-IRA which occur prior to your attaining age 59½ will be subject to adverse tax consequences. Not only may such distributions be fully taxable to you as ordinary income, such distributions may also be subject to a 10% additional tax.

In addition to the exceptions for rollovers and the return of excess contributions discussed above, taxable distributions on account of your attainment of age 59½, death, or disability will be exempt from the 10% Early Withdrawal Tax. You are considered disabled if you are "unable to engage in any substantial gainful activity because of a medically determinable physical or mental impairment which can be expected to result in death or to be of long, continued, and indefinite duration."

Distributions before age 59½ are not subject to the 10% Early Withdrawal Tax if made in the form of substantially equal periodic payments (paid not less frequently than annually) which are made over your life expectancy or the joint life expectancies of you and your designated beneficiary. However, if you request a distribution in the form of substantially equal periodic payments and you modify the payments before you attain age 59½ or after you attain 59½ but within five years from the date of your first payment, the Early Withdrawal Tax will apply retroactively to the year payments began.

Additional exemptions from the 10% Early Withdrawal Tax include distributions:

- used to pay medical expenses in excess of 7.5% of your adjusted gross income. Effective January 1, 2013 the income threshold will, with certain exceptions, increase from 7.5% to 10% of the Employee's adjusted gross income;
- used to purchase health insurance if you have been receiving unemployment compensation for 12 consecutive weeks or more;
- in amounts less than the amount of certain qualified higher education expenses incurred by you and certain of your family members;
- that are Qualified First-time Home-buyers Distributions up to a maximum lifetime limit of $10,000;
- that are made on account of an IRS levy;
- that are conversions to Roth IRAs; and
- that are qualified reservist distributions within the meaning of Section 72(t)(2)(G) of the Code.

(ii) Special Rule for SIMPLE IRAs

If an amount is withdrawn from your SIMPLE IRA during the 2-year period beginning with the date you first participated in a SIMPLE IRA plan and if the amount is subject to the Early Withdrawal Tax on distributions, the Early Withdrawal Tax is increased from 10% to 25%.

C. Gift Tax

Your designation of a beneficiary for your SIMPLE IRA, SEP-IRA or SARSEP-IRA will not be treated as a gift and will not subject you to federal gift taxes.

D. Estate Tax

Any amounts remaining in your SIMPLE IRA, SEP-IRA or SARSEP-IRA after your death may be included in your gross estate and may be subject to federal estate tax.

E. Excise Tax

An excise tax may be imposed on excess contributions. Refer to Section 6 for a discussion of excess contributions and excise taxes.

F. Conversions

Refer to Section 9.A for a general discussion on the taxation of amounts converted to a Roth IRA.

G. Disclaimer

Neither the Custodian nor First Investors assumes any responsibility for ensuring that you comply with the tax rules on distributions from your First Investors IRA.

10. PROHIBITED TRANSACTIONS

You or your Beneficiary may not participate in any transaction with respect to your IRA which is prohibited by law. If you engage in a "prohibited transaction" as defined in Section 4975 of the Code, the taxable portion of your IRA will lose its tax-exempt status. This means that you will be taxed on the taxable portion of your IRA even if you do not actually receive a distribution. The taxable portion of your IRA may also be subject to the Early Withdrawal Tax described in Section 9. Such "prohibited transactions" include but are not limited to the following activities with a "disqualified person":

- the sale, exchange, or lending of any property between the IRA and a "disqualified person";
- lending of money or other extension of credit between the IRA and a "disqualified person";
- furnishing of goods, services, or facilities between the IRA and a "disqualified person".

Examples of "disqualified persons" include but are not limited to fiduciaries, family members and persons providing services to the IRA.

For more information on prohibited transactions, consult with your attorney or qualified tax advisor.

11. USE OF IRA TO SECURE A LOAN

Any portion of your SIMPLE IRA, SEP-IRA or SARSEP-IRA used as security for a loan is treated as a distribution and any taxable portion must be included in gross income for that taxable year and may be subject to the Early Withdrawal Tax described in Section 9.

12. REPORTING REQUIREMENTS

If a transaction has occurred upon which a special penalty tax is imposed, such as an excess contribution, a premature distribution or a failure to make a timely distribution, you may be required to file Form 5329 with your annual income tax return for such year.

13. IRS APPROVAL

This SIMPLE IRA, SEP-IRA or SARSEP-IRA is a model IRA which follows the approved document considered by the IRS to meet the applicable requirements of the Code. Therefore, the IRS will not issue a formal determination as to the qualified status of your SIMPLE IRA, SEP-IRA or SARSEP-IRA. The IRS's approval is a determination only as to the form of the SIMPLE IRA, SEP-IRA or SARSEP-IRA and does not represent a determination as to the merits of the SIMPLE IRA, SEP-IRA or SARSEP-IRA. Further information may be obtained from any IRS office or from the IRS website at www.irs.gov.

14. FIRST INVESTORS IRA BALANCE

Each of the mutual fund shares held in your First Investors IRA has an equal interest in the assets, net investment income and capital gains of the mutual fund selected. The value of fund shares is dependent upon the market value of the securities in the mutual fund investment portfolio, which are subject to fluctuations; therefore, growth in the value of your First Investors IRA cannot be projected or guaranteed. Unless you instruct otherwise, dividends from net investment income and capital gains distributions paid by the mutual funds selected will be reinvested in fund shares at the applicable reinvestment price as of the respective reinvestment dates and such additional shares will be credited to your First Investors IRA.

15. FEES, CHARGES & COMMISSIONS

If you fund your First Investors IRA by the direct purchase of Class A mutual fund shares, you generally will be assessed a sales commission equal to a percentage of the offering price. If you fund your First Investors IRA by the direct purchase of Class B shares or certain Class A shares, those purchases will be transacted at the fund's net asset

value and a contingent deferred sales charge may be imposed upon redemption of such shares.

In addition to applicable sales commissions, there are fund operating expenses, i.e., 12b-1 fees and management fees, associated with each fund account in which your assets are invested. Each fund account is authorized to assess a low balance account fee if, for any reason other than market fluctuation, your investment in such fund account falls below the required minimum investment amount. Each fund account is authorized to assess a reasonable administrative service fee. An example of administrative services for which a fee may be imposed would be as follows: if mail which was sent to you has been returned as undeliverable, the fund account or its agent is unable to obtain a current address and the fund account employs a search company to locate you. For an explanation of operating expenses and fees see the Prospectus and Statement of Additional Information for each fund account which you select for investment of your contributions.

Refer to the Custodial Agreement for a discussion of fees, if any, charged by the Custodian.

16. FEDERAL INCOME TAX CREDIT

The following is intended to provide you with a general description of the federal income tax credit. For specific advice as to whether you qualify for the tax credit and the amount of such credit, consult with your attorney or qualified tax advisor.

A. Employer

(a) The Employer may be able to claim an income tax credit for part of the ordinary and necessary costs of starting a SIMPLE IRA or a SEP-IRA. The credit is equal to 50% of the cost to set up and administer the plan and educate employees about the plan, up to a maximum of $500 per year for the each of the first 3 years of the plan. The credit is part of the general business credit, which can be carried back or forward to other tax years if it cannot be used in the current year. However, the part of the general business credit attributable to the small employer pension plan startup cost credit cannot be carried back to a tax year beginning before January 1, 2002. The Employer cannot deduct the part of the startup costs equal to the credit claimed for a tax year, but can choose not to claim the allowable credit for a tax year.

(b) To be eligible for the tax credit, the Employer must have had 100 or fewer employees who received at least $5,000 in compensation for the preceding year. At least one participant must be a non-highly compensated employee. The employees generally cannot be substantially the same employees for whom contributions were made or benefits accrued under a qualified plan of the Employer or any member of a controlled group that included the Employer (or any predecessor of either) in the 3-tax-year period immediately before the first year to which the credit applies.

B. Employee

(a) If you make contributions to a SIMPLE IRA or SARSEP-IRA, you may be eligible for a federal income tax credit. The tax credit is in addition to any deduction available to you for your contributions to your SIMPLE IRA or SARSEP-IRA.

(b) You may be eligible for the tax credit unless you:

- have not attained age 18;
- are a full-time student;
- are claimed as a dependent under someone else's tax return;
- are married, file a joint federal tax return and you and your spouse have an adjusted gross income over $59,000 for 2013 and thereafter, as may be adjusted for inflation;
- are head of household with adjusted gross income over $44,250 for 2013 and thereafter, as may be adjusted for inflation; or
- are single, married filing separately or a qualifying widow(er) and your adjusted gross income is over $29,500 for 2013 and thereafter, as may be adjusted for inflation.

(c) If you are eligible for a tax credit, the credit is an amount equal to a percentage of your annual "Eligible Retirement Plan Contributions" reduced for certain distributions. The percentage varies from 10% to 50% depending upon your tax filing status and adjusted gross income. The maximum annual contribution on which you can base the credit is $2,000. For this purpose, your Eligible Retirement Plan Contributions include all contributions, as well as all elective deferral contributions to any combination of Eligible Retirement Plans and all voluntary after-tax contributions to a qualified retirement or 403(b) plan. An Eligible Retirement Plan includes a 401(k) plan, a 403(b) plan, a Governmental 457(b) Plan, a SIMPLE IRA, a Traditional IRA, a Roth IRA and a SARSEP-IRA. Your Eligible Retirement Plan Contributions are reduced by the aggregate distribution you receive during the testing period:

- from any IRA, plan or annuity to which an Eligible Retirement Plan Contribution may be made, and
- from any Roth IRA unless the distribution is rolled over.

Your Eligible Retirement Plan Contributions are not reduced by any of the following:

- the portion of any distribution which is not includible in income because it is a trustee-to-trustee transfer or a rollover distribution.
- any distribution that is a return of a contribution to an IRA (including a Roth IRA) made during the year for which you claim the credit if:
  - the distribution is made before the due date (including extensions) of your tax return for that year,
  - you do not take a deduction for the contribution, and
  - the distribution includes any income attributable to the contribution.
- loans from a qualified employer plan that are treated as a distribution.
- distributions of excess contributions or deferrals (and income attributable to excess contributions and deferrals).
- distributions of dividends paid on stock held by an employee stock ownership plan under section 404(k).
- distributions from an IRA that are converted to a Roth IRA.
- distributions that are taxable as the result of an in-plan rollover to your Designated Roth Account.
- distributions from a military retirement plan.

The testing period consists of:

- the year for which you claim the credit,
- the period after the end of that year and before the due date (including extensions) for filing your return for that year, and
- the 2 tax years before that year.

Any distributions that your spouse receives are treated as received by you if you and your spouse file a joint return for the year of the distribution and for the year for which you claim the credit.

A distribution that is a return of an excess contribution to an Eligible Retirement Plan made during the year for which you claim the credit may, under certain circumstances, reduce your eligible contributions.

17. DISASTER-RELATED RELIEF

The following is intended to provide you with a general description of disaster related relief. For IRS information on disaster-related tax relief and/or other disaster tax relief visit the IRS's web site at www.irs.gov or consult with your attorney or qualified tax advisor.

(a) A qualified recovery assistance distribution is any distribution you received and designated as such from an eligible retirement plan provided the distribution is the result of a federally declared disaster and the IRS has issued specific rules for the tax-favored withdrawals, repayments and loans from eligible retirement plans for individuals who suffered economic loss.

(b) If you take a qualified recovery assistance distribution, you generally will not be subject to the Early Withdrawal Tax for a premature distribution.

(c) Qualified recovery assistance distributions generally are permitted to be included in income in equal amounts over a 3-year period that begins with the year of the distribution. However, you can elect to pay the total tax on the distribution year's tax return.

(d) Most qualified recovery assistance distributions are eligible for repayment to an eligible retirement plan. For those distributions that are eligible for repayment, you generally have 3 years from the date you received the distribution to repay all or part of the qualified recovery assistance distribution to any eligible retirement plan that accepts rollovers. Amounts repaid are treated as qualified rollovers and are not included in income. Repayment to a Roth IRA is first considered to be a repayment of earnings. Any repayment in excess of earnings will increase your basis in the Roth IRA by the amount of the repayment in excess of earnings.

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TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

FEB 21 2012

First Investors Corporation
110 Wall Street
New York, NY 10005

EIN Number: 13-2608328

Ladies and Gentlemen:

In a letter dated October 26, 2011, as supplemented by communications dated December 9, 2011, and January 11, 2012, your authorized representative requested a written notice of approval that First Investors Corporation may act as a passive nonbank trustee or custodian of medical savings accounts established under section 220 of the Internal Revenue Code and health savings accounts described in section 223, passive nonbank custodian of plans qualified under section 401 or accounts described in section 403(b)(7), passive nonbank trustee or custodian for individual retirement accounts (IRAs) established under sections 408, and 408A, a passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive nonbank custodian of eligible deferred compensation plans described in section 457(b).

Section 220(d)(1)(B) of the Code (dealing with Archer MSAs (medical savings accounts)) provides, in pertinent part, that the trustee of a medical savings account must be a bank (as defined in section 408(n)), an insurance company (as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section. Q & A-10 of Notice 96-53, 1996-2 C.B. 219 provides, in pertinent part, that persons other than banks, insurance companies, or previously approved IRA trustees or custodians may request approval to be a trustee or custodian in accordance with the procedures set forth in section 1.408-2(e) of the Income Tax Regulations.

Section 223(d)(1)(B) of the Code provides, in pertinent part, that the trustee of a health savings account must be a bank (as defined in section 408(n)), an insurance company (as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section. Section 223(d)(4)(E) provides, in general, that rules similar to section 408(h) (dealing with custodial accounts) also apply to health savings accounts.

Section 401(f)(1) of the Code provides that a custodial account shall be treated as a qualified trust under this section if such custodial account would, except for the fact it is not a trust, constitute a qualified trust under this section. Section 401(f)(2) provides that the custodian must be a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will hold the assets will be consistent with the requirements of section 401 of the Code. Section 401(f) also provides that in the case of a custodial account treated as a qualified trust, the person holding the assets of such account shall be treated as the trustee thereof.

Section 403(b)(7)(A) of the Code requires, in part, that for amounts paid by an employer to a custodial account to be treated as amounts contributed to an annuity contract for his employee, the custodial account must satisfy the requirements of section 401(f)(2). That section also requires, in order for the amounts paid by an employer to be treated as amounts contributed to an annuity contract for his employee, that the amounts are to be invested in regulated investment company stock to be held in the custodial account, and under the custodial account no such amounts may be paid or made available to any distributee before the employee dies, attains age 59 1/2, has a severance from employment, becomes disabled (within the meaning of section 72(m)(7)), or in the case of contributions made pursuant to a salary reduction agreement (within the meaning of section 3121(a)(5)(D)), encounters financial hardship.

Section 408(a)(2) of the Code requires that the trustee of an IRA be a bank (as defined in section 408(n) of the Code) or such other person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the IRA will be consistent with the requirements of section 408.

Section 408(h) of the Code provides that a custodial account shall be treated as a trust under this section if the assets of such account are held by a bank (as defined in subsection (n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an IRA described in subsection (a). Section 408(h) also provides that, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

Section 408A of the Code provides, in general, that a Roth IRA shall be treated in the same manner as an individual retirement plan. Section 7701(a)(37)(A) defines an individual retirement plan as an individual retirement account described in section 408.

Section 530(b)(1)(B) of the Code (dealing with Coverdell education savings accounts) requires that the trustee of such an account be a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in

which that person will administer the trust will be consistent with the requirements of this section or who has so demonstrated with respect to any individual retirement plan.

Section 530(g) of the Code (dealing with Coverdell education savings accounts) provides that a custodial account shall be treated as a trust if the assets of such account are held by a bank (as defined in section 408(n)) or another person who demonstrates, to the satisfaction of the Secretary, that the manner in which he will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an account described in subsection (b)(1). For purposes of title 26 [the Internal Revenue Code], in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

Section VII of Notice 98-8, 1998-1 C.B. 355 (guidance relating to the requirements applicable to eligible deferred compensation plans described in section 457(b) of the Code), provides, in pertinent part, that for purposes of the trust requirements of section 457(g)(1), a custodial account will be treated as a trust if the custodian is a bank, as described in section 408(n), or a person who meets the nonbank trustee requirements of section VIII of this notice, and the account meets the requirements of section VI of this notice, other than the requirement that it be a trust. Section VIII provides that the custodian of a custodial account may be a person other than a bank only if the person demonstrates to the satisfaction of the Commissioner that the manner in which the person will administer the custodial account will be consistent with the requirements of sections 457(g)(1) and (g)(3) of the Code. To do so, the person must demonstrate that the requirements of paragraphs (2)-(6) of section 1.408-2(e) of the regulations relating to nonbank trustees will be met.

The Income Tax Regulations at section 1.408-2(e) contain the requirements that such other person must comply with in order to act as trustee or custodian, for purposes of sections 220, 223, 401(f), 403(b)(7), 408(a)(2), 408(h), 408(q), 408A, 457(b) and 530 of the Code. One of the requirements of section 1.408-2(e) states that such person must file a written application with the Commissioner demonstrating, as set forth in that section, its ability to act as a trustee or custodian.

Based on all the information submitted to this office and all the representations made in the application, we have concluded that First Investors Corporation meets the requirements of section 1.408-2(e) of the regulations and, therefore, is approved to act as a passive nonbank trustee or custodian of medical savings accounts established under section 220 of the Code and health savings accounts described in section 223, passive nonbank custodian of plans qualified under section 401 or accounts described in section 403(b)(7), passive nonbank trustee or custodian for individual retirement accounts (IRAs) established under sections 408, and 408A, a passive nonbank custodian of Coverdell education savings accounts established under section 530, and

as a passive nonbank custodian of eligible deferred compensation plans described in section 457(b).

This letter authorizes First Investors Corporation to act only as a passive nonbank trustee or custodian within the meaning of section 1.408-2(e)(6)(i)(A) of the regulations, that is, it is authorized only to acquire and hold particular investments specified by the trust instrument (or custodial agreement). It may not act as a passive trustee (or custodian) if under the written trust instrument (or custodial agreement) it has discretion to direct investments of the trust (or custodial) funds.

This letter while authorizing First Investors Corporation to act as a trustee or custodian does not authorize it to pool accounts in a common investment fund (other than a mutual fund) within the meaning of section 1.408-2(e)(5)(viii)(C) of the regulations. First Investors Corporation may not act as a trustee or custodian unless it undertakes to act only under trust instruments or custodial agreements that contain a provision to the effect that the grantor is to substitute another trustee or custodian upon notification by the Commissioner that such substitution is required because First Investors Corporation has failed to comply with the requirements of section 1.408-2(e) of the regulations or is not keeping such records, or making such returns or rendering such statements as are required by forms or regulations. For example, one such form is Form 990-T for IRAs that have $1000 or more of unrelated business taxable income that is subject to tax by section 511(b)(1) of the Code.

First Investors Corporation is required to notify the Commissioner of Internal Revenue, Attn: SE:T:EP:RA, Internal Revenue Service, Washington, D.C. 20224, in writing, of any change which affects the continuing accuracy of any representations made in its application. Further, the continued approval of First Investors Corporation to act as a passive nonbank trustee or custodian of medical savings accounts established under section 220 of the Internal Revenue Code and health savings accounts described in section 223, passive nonbank custodian of plans qualified under section 401 or accounts described in section 403(b)(7), passive nonbank trustee or custodian for individual retirement accounts (IRAs) established under sections 408, and 408A, a passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive nonbank custodian of eligible deferred compensation plans described in section 457(b) is contingent upon the continued satisfaction of the criteria set forth in section 1.408-2(e) of the regulations.

This approval letter is not transferable to any other entity. An entity that is a member of a controlled group of corporations, within the meaning of section 1563(a) of the Code, may not rely on an approval letter issued to another member of the same controlled group. Furthermore, any entity that goes through an acquisition, merger, consolidation or other type of reorganization may not necessarily be able to rely on the approval letter issued to such entity prior to the acquisition, merger, consolidation, or other type of

reorganization. Such entity may have to apply for a new notice of approval in accordance with section 1.408-2(e) of the regulations.

This letter constitutes a notice that First Investors Corporation may act as a passive nonbank trustee or custodian of medical savings accounts established under section 220 of the Internal Revenue Code and health savings accounts described in section 223, passive nonbank custodian of plans qualified under section 401 or accounts described in section 403(b)(7), passive nonbank trustee or custodian for individual retirement accounts (IRAs) established under sections 408, and 408A, a passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive nonbank custodian of eligible deferred compensation plans described in section 457(b) and does not bear upon its capacity to act as a trustee or custodian under any other applicable law. This is not an endorsement of any investment or retirement plan. The Internal Revenue Service does not review or approve investments nor recommend retirement plans.

This notice of approval is effective as of the date of this letter and will remain in effect until withdrawn by First Investors Corporation or revoked by the Service. This notice of approval does not authorize First Investors Corporation to accept any fiduciary account before this notice becomes effective.

In accordance with the power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

If you have any questions, please contact Mr. Eric Slack (Badge No. 0091186) at (202) 283-9576.

Sincerely,

Carlton A. Watkins

Carlton A. Watkins, Manager
Employee Plans Technical Group 1

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Custodial Agreement

SIMPLE Individual Retirement Custodial Account Form 5305-SA
(Under Section 408(p) of the Internal Revenue Code)

ARTICLE I

The custodian will accept cash contributions made on behalf of the participant by the participant's employer under the terms of a SIMPLE IRA plan described in section 408(p). In addition, the custodian will accept transfers or rollovers from other SIMPLE IRAs for the benefit of the participant. No other contributions will be accepted by the custodian.

ARTICLE II

The participant's interest in the balance in the custodial account is nonforfeitable.

ARTICLE III

1. No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).

2. No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception of certain gold, silver and platinum coins, coins issued under the laws of any state, and certain bullion.

ARTICLE IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the participant's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.

2. The participant's entire interest in the custodial account must be, or begin to be, distributed not later than the participant's required beginning date, April 1 following the calendar year in which the participant reaches age 70½. By that date, the participant may elect, in a manner acceptable to the custodian, to have the balance in the custodial account distributed in:

(a) A single sum or

(b) Payments over a period not longer than the life of the participant or the joint lives of the participant and his or her designated beneficiary.

3. If the participant dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:

(a) If the participant dies on or after the required beginning date and:

(i) the designated beneficiary is the participant's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.

(ii) the designated beneficiary is not the participant's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the participant and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.

(iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the participant as determined in the year of the participant's death and reduced by 1 for each subsequent year.

(b) If the participant dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated beneficiary, in accordance with (ii) below:

(i) The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the participant's death. If, however, the designated beneficiary is the participant's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the participant would have reached age 70½. But, in such case, if the participant's surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with (ii) below if there is no such designated beneficiary.

(ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the participant's death.

4. If the participant dies before his or her entire interest has been distributed and if the designated beneficiary is not the participant's surviving spouse, no additional contributions may be accepted in the account.

5. The minimum amount that must be distributed each year, beginning with the year containing the participant's required beginning date, is known as the "required minimum distribution" and is determined as follows:

(a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the participant reaches age 70½, is the participant's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the participant's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the participant's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the participant's (or, if applicable, the participant and spouse's) attained age (or ages) in the year.

(b) The required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the participant's death (or the year the participant would have reached age 70½, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).

(c) The required minimum distribution for the year the participant reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.

6. The owner of two or more IRAs (other than Roth IRAs) may satisfy the minimum distribution requirements described above by taking from one IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

ARTICLE V

1. The participant agrees to provide the custodian with all information necessary to prepare any reports required by sections 408(i) and 408(l)(2) and Regulations sections 1.408-5 and 1.408-6.

2. The custodian agrees to submit to the Internal Revenue Service ("IRS") and participant the reports prescribed by the IRS.

3. The custodian also agrees to provide the participant's employer the summary description described in section 408(l)(2) unless this SIMPLE IRA is a transfer SIMPLE IRA.

ARTICLE VI

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles inconsistent with sections 408(a) and 408(p) and the related regulations will be invalid.

ARTICLE VII

This agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made from time to time.

ARTICLE VIII

Note: Unless otherwise stated, for the definitions of terms used throughout Article VIII, refer to Section 3 of the First Investors IRA Disclosure Statement.

1. (a) First Investors is committed to complying with the USA PATRIOT Act and the regulations issued thereunder. Therefore, First Investors reserves the right to verify the Participant's identity and reserves the right to redeem the SIMPLE IRA at the then current market value if the Participant's identity is not verified to its satisfaction.

(b) (i) By execution of the First Investors SIMPLE IRA Application (Application), the

individual named therein (Participant) applied for a First Investors SIMPLE IRA (Account) described in Section 408(p) of the Internal Revenue Code of 1986, as amended (Code), has designated and appointed the Custodian as the custodian of the Account, and has adopted the Custodial Agreement and the accompanying Disclosure Statement.

(ii) The Custodian has accepted its appointment as Custodian.

(iii) The Custodian will establish and maintain an Account for the Participant upon receipt of a properly completed and executed Application and other documentation required by the Custodian and First Investors.

(iv) The Participant and the Custodian hereby agree that the Account shall be governed by the provisions of the Agreement, as well as the Disclosure Statement and the Application.

(c) (i) The Account previously established will be maintained pursuant to Section 408(p) of the Code in order to provide a retirement benefit for the Participant named in a previous Application.

(ii) By continuing to maintain an Account, the Participant approves the continued designation and appointment of the Custodian as the custodian of the Account and agrees to the terms of the Agreement.

(d) The Custodian agrees to act as the custodian of the Account in accordance with the terms and conditions of the Agreement.

(e) The Custodian shall hold in the Account all contributions, transfers and rollovers which are received by it in good order, subject to the terms and conditions of the Agreement and for the purposes set forth herein. The Custodian shall be responsible only for such assets as shall be actually received by it.

(f) The Account is created for the exclusive benefit of the Participant and his or her beneficiaries. Generally, each beneficiary shall, from the Participant's death until the complete distribution of the beneficiary's share in the Account, have the same rights, responsibilities and control over his or her share of the Account as the Participant had prior to his or her death and shall be subject to the same agreements and understandings as the Participant. Neither the Participant nor any beneficiary shall use the Account or any portion thereof as security for a loan, nor shall such individual engage in any transaction prohibited under Section 4975 of the Code.

(g) Assets held in an Account shall not be commingled with the property of others. For purposes of the preceding sentence, investment in a Designated Investment Company shall not be considered commingling.

2. (a) Contributions, transfers and rollovers must be made to the Account by check drawn on a U.S. bank payable to First Investors Corporation, by electronic funds transfer, or by federal funds wire.

(b) Contributions must be made by the Employer and must be accompanied by investment instructions in a form and manner acceptable to the Custodian.

(c) (i) Contributions from other SIMPLE IRA plans which qualify as "rollover contributions" described in Section 408(d)(3) of the Code may be made to the Account. The Participant shall identify rollover contributions as such in writing and the Custodian and First Investors are authorized to rely on such identification.

(ii) Neither the Custodian nor First Investors shall be liable in any manner for a transfer or rollover which does not qualify as a transfer or rollover.

(d) (i) The Custodian must receive specific instructions for specific purchases, sales, and other transactions in a form and manner acceptable to the Custodian. If the Custodian is not provided with a properly completed Application or proper investment instructions or if the Custodian receives instructions which are, in the opinion of the Custodian, incomplete, not clear or otherwise not acceptable, the Custodian may request such information as it deems necessary. Pending receipt of such Application, documentation and/or clear instructions any amount may (I) remain uninvested, (II) be invested in money market shares, (III) be returned to the Employer, or (IV) be returned to the remitting custodian or trustee.

(ii) Contributions, transfers and rollovers to the Account and investments currently held in the Account may be divided between or among more than one Designated Investment Company. Unless waived, each payment into the Account must meet the minimum amount required by the Designated Investment Company. The term "Designated Investment Company" shall mean a registered investment company of the open-end management type, the securities of which are sponsored, distributed and/or underwritten by First Investors Corporation.

(iii) The selection of the Designated Investment Company with respect to the investments held in the Account, current contributions, transfers and rollovers and those made in the future may be changed at any time and from time to time upon receipt by the Custodian of instructions acceptable to the Custodian.

(iv) The Custodian shall have no duty to inquire into the investment practices of a Designated Investment Company and each Designated Investment Company shall have the exclusive right to control its investments.

(e) The Custodian shall invest all such contributions, transfers and rollovers in the securities of the Designated Investment Company specified by the Participant or, if applicable, the Employer. The Custodian shall be responsible for executing such instructions promptly; provided, however, that if the Participant makes a transfer or rollover to the Account in excess of $100,000, neither the Custodian nor First Investors shall be obligated to invest any portion of the Participant's initial transfer or rollover to his or her Account until seven (7) calendar days have elapsed from the execution date of the Application. Investments may be delayed due to a force majeure (cause or event outside the reasonable control of the parties or that could not be avoided by the exercise of due care, such as an act of God or any mechanical, electronic or communications failure), government restrictions or changes, exchange or market rulings, strikes, interruptions of communications or data processing services, or disruptions in orderly trading on any exchange or market.

(f) Generally, all dividends and capital gains received upon assets in the Account shall be reinvested in the securities of the Designated Investment Company selected by the Participant and credited to the Account.

(g) Neither the Custodian nor First Investors shall be responsible in any way for the collection of contributions provided for under the Agreement, the selection of the investments for the Account, the purpose or propriety of any contribution, transfer or rollover or any action taken at the direction of the Participant, or if applicable, the Employer or such other person or entity which the Custodian or First Investors believes to be authorized to act on behalf of the Participant.

(h) Neither the Custodian nor First Investors shall be liable to the Participant, Employer, beneficiaries or any other person for any depreciation or similar loss of assets or for the failure of the Account to produce any or larger net earnings.

(i) Unless required by law, neither the Custodian nor First Investors shall have any obligation to: verify the Participant's eligibility to make or receive contributions; the Employer's eligibility to make contributions; compel the Participant or the Employer to make any contribution; determine whether contributions made to the Account fall within the applicable limits; give advice on the deductibility of any contributions; or notify the Participant or the Employer of the existence or amount of an "excess contribution", if any, as that term is defined in Section 4973(b) of the Code. The Custodian and First Investors may rely solely on the representations and instructions of the Participant and the Employer.

3. (a) The Custodian or its nominee shall be the holder of record and the Participant shall be the beneficial owner of all such securities and any other property in the Account.

(b) The Custodian shall maintain a record of the Account for the Participant reflecting his or her Account activity.

(c) The Custodian shall furnish statements to the Participant setting forth receipts, investments, disbursements, and other transactions. Upon the expiration of thirty (30) days after furnishing such statement, the Custodian and First Investors shall be forever released and discharged from all liability and accountability to anyone with respect to their acts, transactions, duties, obligations, or responsibilities as shown in or reflected by such statement, except with respect to any such acts or transactions for which written objections shall have been filed with the Custodian or First Investors within such thirty (30) day period by the Participant, or, if applicable, the Participant's beneficiary or legal representative or such other entity which the Custodian or First Investors believes to be authorized to act on behalf of the Participant, or, if applicable, the deceased Participant.

(d) By giving investment instructions to the Custodian, the Participant will be deemed to have acknowledged receipt of the prospectus of the Designated Investment Company in which the Participant directs that the Custodian invest assets in his or her Account.

(e) The Custodian shall deliver or cause to be delivered to the Participant all notices, shareholder reports, prospectuses, financial statements, proxies, voting instruction cards, and proxy soliciting material relating to securities held in the Account. The Custodian in its capacity as Custodian hereunder shall vote all shares of the Designated Investment Company held hereunder in accordance with the instructions of the Participant. However, the Custodian shall, unless otherwise prohibited by applicable law, without direction from the Participant, vote shares held in the Account for

which no voting instructions are timely received in the same proportion as shares for which voting instructions from such other shareholders are timely received.

4. (a) All distributions from an Account are subject to the requirements of Section 401(a)(9) of the Code.

(b) Generally, no distributions will be made from the Account until a properly completed and executed request form has been submitted to the Custodian in good order.

(c) (i) The Participant or such other person or entity which the Custodian believes to be authorized to act on behalf of the Participant, may request a distribution at any time. Such request must be in a form and manner acceptable to the Custodian. Such request must set forth the requested amount and method of distribution. In the event such request is, in the opinion of the Custodian, incomplete, not clear or otherwise not acceptable, the Custodian may request information it deems necessary be provided in a form and manner acceptable to the Custodian.

Upon receipt of such request, and, if applicable, additional information requested by the Custodian, the Custodian is authorized to liquidate and distribute assets held in the Account to make distributions, transfers or rollovers. Such distribution, transfer or rollover will discharge the Custodian from any and all claims as to the portion of the Account so distributed, transferred or rolled over.

(ii) If the Participant is deceased, the beneficiary or legal representative of the Participant, or such other entity which the Custodian believes to be authorized to act on behalf of the deceased Participant, shall notify the Custodian in writing of any request for a distribution. Such request must be in a form and manner acceptable to the Custodian. Such notice must set forth the requested amount and method of distribution. In the event such request is, in the opinion of the Custodian, incomplete, not clear or otherwise not acceptable, the Custodian may request information it deems necessary be provided in a form and manner acceptable to the Custodian.

Upon receipt of such request, and, if applicable, additional information requested by the Custodian, the Custodian is authorized to liquidate and distribute assets held in the Account to make distributions, transfers or rollovers. Such distribution, transfer or rollover will discharge the Custodian from any and all claims as to the portion of the Account so distributed, transferred or rolled over.

(iii) The Participant may transfer contributions (which may include the Participant's deferrals and the Employer's contributions) to another SIMPLE IRA at another financial institution, trustee or custodian, without cost or penalty, by notifying the Custodian or First Investors when the Participant initially establishes the Account, or at any other time, by using an applicable form provided by the Custodian. These transfer requests will be processed without cost or penalty provided that: (I) the Participant provides the dollar amount to be transferred (the request may not be stated as a percentage of the account balance), and (II) prior to the transfer, the contributions (which may include the Participant's deferrals and Employer contributions) to be transferred, which are initially received by the Custodian, were only invested in the First Investors Cash Management Fund. If the Account to be transferred was not invested in the First Investors Cash Management Fund but in another Designated Investment Company on which a front-end sales charge or contingent deferred sales charge is applicable, the payment of such a sales charge shall not constitute a penalty or cost of transfer. Therefore, any front-end sales charge will not be refunded to the Participant and the contingent deferred sales charge will not be waived.

(d) (i) A distribution which qualifies as an Eligible Rollover Distribution under the Code may be transferred as a direct rollover by the Participant to an eligible retirement plan which accepts such rollover. An eligible retirement plan is defined in the Code as an Individual Retirement Arrangement (IRA), 403(b), a qualified defined contribution plan, a qualified defined benefit plan, or a Governmental 457 Plan. The Custodian shall pay such distribution in the form of a direct rollover in accordance with regulations, rulings and other administrative pronouncements issued by the Internal Revenue Service.

(ii) The Custodian may require that before a direct rollover or trustee-to-trustee transfer is made to an unaffiliated company, the successor trustee or custodian must agree in writing to accept the transferred assets.

(e) (i) The Custodian may refuse to honor any request for the distribution, transfer or rollover of any assets or payment of any amount from the Account if such request does not conform to the then current administrative policies of the Custodian or First Investors or the then applicable requirements for the distribution, rollover or transfer of shares of the Designated Investment Company in which the assets of the Account are invested and to which such request relates.

(ii) The Custodian and First Investors may rely solely on the representations of the Participant, the Employer, or, if applicable, the Participant's beneficiary or legal representative or such other entity which the Custodian or its agent believes to be authorized to act on behalf of the Participant, or, if applicable, the deceased Participant.

(iii) Neither the Custodian nor First Investors shall (I) be responsible in any way for the timing, purpose or propriety of any distribution, transfer or rollover made pursuant to instructions from the Participant or, if applicable, the Employer, the Participant's beneficiary or legal representative or such other entity which the Custodian believes to be authorized to act on behalf of the Participant, or, if applicable, the deceased Participant, or (II) incur and liability for any tax imposed as a result of such distribution, transfer or rollover.

(iv) Unless otherwise required by law, neither the Custodian, nor First Investors shall have any obligation to give advice as to whether taxes or penalties are due on distributions, transfers or rollovers made hereunder or the amount due.

(f) If the Participant fails to make an election to receive all or a portion of the interest in his or her Account by the Participant's required beginning date as set forth in paragraph 2 of Article IV, no payments will be made to such Participant until such time as the Custodian receives a properly completed payment request form.

(g) Notwithstanding anything to the contrary in this Agreement, to the extent permitted by applicable federal law, the Custodian, upon receipt of an Internal Revenue Service levy against the Participant's Account (Levy), may liquidate assets held in the Account, with or without notice to the Participant, Employer, beneficiary or legal representative or any other person or entity, and forward the proceeds to satisfy such Levy. Except as otherwise provided by applicable law, neither the Custodian nor First Investors shall be liable for any action taken in good faith and in exercise of due care. In the event of any action undertaken by the Custodian or First Investors resulting from any order described herein, all court costs, legal expenses, reasonable compensation for the time expended by the Custodian and First Investors and any other expenses and costs, including reasonable attorney's fees, shall be collected by the Custodian or First Investors from the Account in accordance with this Agreement.

(h) Neither the Custodian nor First Investors shall have any obligation to pay interest on outstanding checks or distributions.

(i) Neither the Custodian nor First Investors shall have any obligation to return any amounts withheld from any distribution for federal income tax purposes where the amount withheld is a result of the Participant's, beneficiary's or legal representative's or authorized entity's failure to provide a proper withholding election prior to such distribution.

5. (a) This Agreement shall terminate upon the complete distribution of the assets of the Account.

(b) Upon one hundred eighty (180) days written notice or such shorter notice as may be acceptable to the Custodian, First Investors Corporation (Sponsor) may remove the Custodian and name a Successor Custodian.

(c) Upon one hundred eighty (180) days written notice or such shorter notice as may be acceptable to the Sponsor, the Custodian may resign. Upon notice of such resignation, the Sponsor will name a Successor Custodian. If, within ninety (90) days of the mailing of the notice of resignation of the Custodian, no successor custodian is appointed by the Sponsor or if the successor custodian appointed by the Sponsor has not notified the Custodian of its acceptance, the Custodian may appoint a successor custodian.

(d) In the event that the Commissioner revokes the Notice of Approval because First Investors Corporation, acting as Custodian, has failed to comply with the requirements of Section 1.408-2(e) of the regulations promulgated under Section 408 of the Code, or is not keeping such records, or making such returns or rendering such statements as are required by forms or regulations, then the Sponsor shall name a Successor Custodian in accordance with the notice of revocation.

(e) Upon receipt by the Custodian of written notice of acceptance by the Successor Custodian, the Custodian shall transfer and pay over to such Successor Custodian the assets of the Account. Any outstanding fees, expenses and costs of the Custodian shall be payable in accordance with an agreement between the Custodian and the Sponsor. Upon the transfer of the assets of the Account, the Successor Custodian will succeed to all the rights and responsibilities of the Custodian hereunder and the Custodian shall be relieved from any future liability with respect to all amounts so transferred.

(f) The appointment and acceptance of the Successor Custodian shall be deemed an amendment to the definition of the Custodian in this Agreement and shall not terminate this Agreement. Neither the Participant nor the Employer shall be required to sign any agreement accepting the Successor Custodian and shall be deemed to have accepted the Successor Custodian if the Account is not terminated.

(g) Successor Custodian means a bank as defined in Section 408(n) of the Code or such other person who has been approved by the IRS to serve as a nonbank custodian or trustee and has agreed to and is qualified to act under this Agreement.

(h) If after the Custodian's removal or resignation no qualified successor has notified the Custodian of its acceptance to act, the Custodian shall, upon forty-five (45) days advanced notice to the Participant, terminate the Account. Termination of the Account shall be effected by distributing the assets of the Account by a single sum payment in cash or in kind as the Custodian may elect, less any assets which may be reserved by the Custodian to pay its fees, expenses and costs, to the extent not otherwise paid. The Custodian shall distribute the Account to the Participant or his or her beneficiaries or if there is no beneficiary, to the Participant's estate.

(i) The Employer may discontinue future Participant deferrals and/or employer contributions to a Participant's Account. Such election will not terminate the Agreement with respect to assets held in the Custodial Account.

(j) The Custodian shall not be liable for the acts or omissions of any Successor Custodian. Unless otherwise agreed to in writing by the Custodian or First Investors, upon the complete distribution or transfer of the assets of the Custodial Account, the Custodian and First Investors shall be relieved of all further liability with respect to this Agreement, the Custodial Account and the assets so distributed or transferred.

6. (a) Sales and other charges attributable to the acquisition of securities, as stated in the Designated Investment Company's then current prospectus, will be charged to the Participant's Account for which such securities are acquired.

(b) Any taxes levied or assessed upon or in respect of the Participant's Account, and any other expenses or fees incurred by or on behalf of the Account shall be paid from the assets of the Account. The Custodian shall liquidate such securities held in the Participant's Account as are necessary to pay any such taxes, fees and expenses in full.

(c) There is an annual custodial fee ("Fee") for each Account, regardless of the number of Designated Investment Companies. The Fee is currently being paid by the respective Designated Investment Companies. However, the Designated Investment Companies reserve the right to discontinue paying this Fee at any time. If the Designated Investment Companies exercise this right, the Fee will be charged to the Participant's Account.

Beginning April 1, 2013 the Designated Investment Companies will no longer pay the Fee. Instead, the Fee will be deducted from the Designated Investment Companies held within the Participant's Account. The Fee for each Account (regardless of the number of Designated Investment Companies held within the Account) that will be deducted annually on the last business day of the first quarter for the following 12-month period is $15.00. The first Fee will be deducted on the last business day in March 2013. To the extent that the Participant maintains a Cash Management Designated Investment Company, the Fee will be deducted from those assets. If those assets are less than the Fee, the balance of the Fee will be deducted equally from the remaining Designated Investment Companies held in the Participant's Account.

Notwithstanding the foregoing, the Fee may be waived or reduced for any reason which, in the opinion of the Custodian, is acceptable or desirable, including:

- If the value of all accounts in the Participant's Customer Account is equal to or exceeds $100,000 as of last business day of the first quarter, the Fee is waived for the following 12-month period.
- If the value of all accounts in the Participant's Customer Account is equal to or exceeds $50,000 and is less than $100,000 as of the last business day of the first quarter, the Fee is reduced by 50% for the following 12-month period.
- If the Account is maintained by an Associate, as defined in the Designated Investment Company's prospectus, the Fee is waived.

For purposes of determining the value of accounts held by the Participant, Customer Account means all Designated Investment Companies within the same 10-digit customer number assigned to the Participant that includes the applicable Account.

Under no circumstances will all or a portion of the Fee be returned to the Participant if the Participant subsequently meets the requirements for a reduced or waived Fee or if the Participant subsequently terminates the Account.

(d) First Investors reserves the right to charge an annual maintenance fee which shall be deducted from the Participant's Account on an annual basis and reserves the right to modify the annual maintenance fee from time to time.

(e) Except as otherwise provided herein, all other previously disclosed fees and expenses incurred in connection with the establishment, maintenance and administration of the Participant's Account, including but not limited to the payment of low balance fees, will be paid from the Participant's Account. The Participant's Account may also be charged fees for an Account History Statement, copies of canceled checks, duplicate tax forms and use of express mail service pursuant to the Participant's request. See the Designated Investment Company's prospectus and Statement of Additional Information for an explanation of such fees.

(f) The Participant agrees that fees shall be paid when due. Such fees may be waived by the Custodian or, if applicable, First Investors at any time and may be revised by the Custodian upon forty-five (45) days written notice to the Participant.

(g) The Custodian and First Investors may impose new fees or increase, decrease or otherwise modify its fees for services hereunder by written notice to the Participant forty-five (45) days in advance of the effective date of such imposition or change in fees. The Participant shall be deemed to have consented to any new or revised fees if the Account is not terminated before the effective date of such imposition or revision. Custodial and administrative fees which have been added or revised in accordance with this Section will become legally binding.

7. (a) It shall be the obligation of the Participant to notify the Custodian of any changes to his or her name and social security number and to his or her mailing address within a reasonable time. If the Participant fails to do so, mail is returned as undeliverable, and the Custodian has been unable to obtain a current address, the Custodian may employ a company to locate the Participant in accordance with rules established by the Securities and Exchange Commission. Returned dividend checks and other distributions will be outstanding and will not be reinvested into the Designated Investment Company from which it was removed. No interest will be paid on outstanding checks. All future dividends and other distributions will be reinvested in additional shares until new instructions are provided. See the Designated Investment Company's prospectus and Statement of Additional Information for a detailed explanation of these provisions.

(b) If the Custodian is unable to locate a person entitled to assets held in the Account, or if there has been no claim made for such assets, the Custodian shall continue to hold the assets due such person, subject to the unclaimed property laws of the applicable state to the extent not superseded by federal statutes.

8. The Custodian delegates to First Investors Corporation the right to amend this Agreement, including any retroactive or prospective amendments necessary to ensure that the Agreement will satisfy or continue to satisfy the applicable requirements of the Code.

9. The Agreement may be amended from time to time by submitting a copy of any such amendment to the Participant and to the Custodian at least forty-five (45) days in advance of the effective date of any such amendment. Notwithstanding the foregoing, no such advance submission shall be required in the case of any amendment that may be required by the Internal Revenue Service so that the Account shall remain a SIMPLE Individual Retirement Account under Section 408(p) of the Code or that is not required to ensure compliance with the Code but that the Custodian or First Investors deems desirable to (i) clarify existing provisions, or (ii) reflect provisions of laws, regulations, notices or other Internal Revenue Service or regulating administrative pronouncements that could benefit the Participant; provided, however, that such amendment does not significantly affect fees, expenses, charges and costs. The Participant shall be deemed to have consented to any amendment if he or she does not terminate the Account.

10. (a) Written instructions and notices required to be given to the Custodian by the Agreement shall be signed and remitted to the Custodian. Any such notice or instruction shall not become effective until actual receipt of said notice or instruction in good order by the Custodian.

(b) Any notice from the Custodian provided for in this Custodial Agreement will be effective if sent by regular mail to the Participant at the Participant's address as shown on the records of the Custodian or, if the Participant requested to receive notices electronically, if delivered to the e-mail address provided for such purpose. In the event that the Custodian is notified that electronic delivery failed for any reason, the notice will then be sent by regular mail to the address of record. The Participant will be deemed to have received such notice seven (7) days after mailing by the Custodian. Notwithstanding the foregoing, the Custodian will be deemed to have mailed such notice to the Participant, if mail that had been previously sent to that person was returned as undeliverable and the Custodian has not been provided with a current address in accordance with its procedures.

11. (a) Neither the Custodian nor First Investors shall be responsible for any liability arising out of this Agreement except such liability as is occasioned by the gross negligence or willful misconduct of the Custodian or First Investors.

(b) Neither the Custodian nor First Investors shall be

- liable for any losses or depreciation in the value of shares of any Designated Investment Company or
- obligated to pay interest or appreciation in the value of shares of any Designated Investment Company

that might result from: (i) the delay in acting upon any instructions, directions or requests that are submitted to the Custodian without the appropriate authorization(s), form(s) or signature(s) as required by the Custodian, or (ii) acting upon any instructions, directions or requests that are believed to the complete and in good order. Neither the Custodian nor First Investors shall have any duty other than the exercise of good faith nor shall they incur any liability by reason of any action taken in reliance upon inaccurate or fraudulent information reported by any source believed to be reliable, or by reason of incomplete information in its possession at the time of such distribution that the Custodian or First Investors believes to be complete.

(c) Neither the Custodian nor First Investors shall be responsible for any action or no action taken at the request of the Participant, the Employer, or, if applicable, the Participant's beneficiary or legal representative or such other entity which the Custodian believes to be authorized to act on behalf of the Participant, or, if applicable, the deceased Participant. The Custodian and First Investors may rely upon and shall be protected in acting upon any written, verbal or electronic instructions or any other notice, request, consent, certificate, or other instrument from the Participant, the Employer, or, if applicable, the Participant's beneficiary or legal representative or such other entity which the Custodian believes to be authorized to act on behalf of the Participant, or, if applicable, the deceased Participant, which is reasonably believed by the Custodian or First Investors to be genuine and to have been properly executed.

(d) Unless otherwise required by law, neither the Custodian nor First Investors shall be obligated to take any action whatsoever with respect to the Account except upon receipt of directions in a form and manner acceptable to the Custodian from the Participant, the Employer, or, if applicable, the Participant's beneficiary or legal representative or such other entity which the Custodian or First Investors believes to be authorized to act on behalf of the Participant or, if applicable, the deceased Participant. Neither the Custodian nor First Investors shall be under any obligation to determine the accuracy or propriety of any such direction and shall be fully protected in acting in accordance therewith.

(e) Neither the Custodian nor First Investors shall be obligated to defend or engage in any suit with respect to the Account unless each shall first have agreed in writing to do so and shall have been fully indemnified to the satisfaction of the Custodian and First Investors. The Participant or, if the Participant is deceased, each of the Participant's beneficiaries shall at all times indemnify and hold harmless the Custodian and First Investors from any liability arising from any action taken by the Custodian or First Investors upon the written, verbal or electronic instructions of the Participant, the Employer, or, if applicable, the Participant's beneficiary or legal representative or such other entity which the Custodian believes to be authorized to act on behalf of the Participant, or, if applicable, the deceased Participant.

12. The Custodian and First Investors agree to submit reports to the IRS, Department of Labor and the Participant, at such times, in such manner and containing such information as prescribed as the responsibility of the Custodian by the applicable federal statutes and the regulations thereunder.

13. The Custodian hereby appoints Administrative Data Management Corp. (ADM), an affiliate of First Investors Corporation and the transfer agent for each of the Designated Investment Companies hereunder, as its agent and has delegated to ADM administrative and discretionary duties with respect to the Account including, but not limited to:

- the establishment and maintenance of Accounts,
- the acceptance and investment of contributions, transfers and rollovers into such Accounts,
- the distribution of assets from such Accounts,
- correspondence relating to such Accounts, including the sending of required notices and other documents, and
- the delivery of quarterly and other statements.

ARTICLE IX

First Investors funds are not FDIC insured, are not guaranteed by the Custodian or First Investors, and are subject to investment risks including possible loss of principal.

ARTICLE X

State income tax law may differ from federal income tax law and may be more restrictive.

Some states have statutes that automatically reflect changes made to the federal income tax code. Other states have tax statutes that are based on the federal income tax code as in effect on a specific date so that changes to the federal income tax code made after that date become effective only when the state adopts legislation expressly incorporating the changes.

Before taking advantage of any changes made to the federal income tax code, the Participant should consult with a qualified tax advisor or attorney regarding the relationship of his or her state tax statutes and the federal income tax code.

ARTICLE XI

No provision of this Agreement shall be construed to conflict with any provision of a U.S. Labor Department, Treasury Department or IRS regulation, ruling, notice, release or other order which affects, or could affect, the terms of this Agreement or its qualification under Section 408(p) of the Code.

This Agreement shall be construed, administered and enforced according to the laws of New York to the extent not pre-empted by the federal law.

William Lipkus - Custodian's Signature

GENERAL INSTRUCTIONS

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

PURPOSE OF THE FORM

Form 5305-SA is a model custodial account agreement that meets the requirements of sections 408(a) and 408(p) and has been pre-approved by the IRS. A SIMPLE individual retirement account (SIMPLE IRA) is established after the form is fully executed by both the individual (participant) and the custodian. This account must be created in the United States for the exclusive benefit of the participant and his or her beneficiaries.

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

For more information on SIMPLE IRAs, including the required disclosures the custodian must give the participant, see Pub. 590, Individual Retirement Arrangements (IRAs).

DEFINITIONS

Participant - The participant is the person who establishes the custodial account.

Custodian - The Custodian must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as custodian.

TRANSFER SIMPLE IRA

This SIMPLE IRA is a "transfer SIMPLE IRA" if it is not the original recipient of contributions under any SIMPLE IRA plan. The summary description requirements of section 408(l)(2) do not apply to transfer SIMPLE IRAs.

SPECIFIC INSTRUCTIONS

Article IV - Distributions made under this article may be made in a single sum, periodic payment, or a combination of both. The distribution option should be reviewed in the year the participant reaches age 70½ to ensure that the requirements of section 408(a)(6) have been met.

Article VIII - Article VIII and any that follow it may incorporate additional provisions that are agreed to by the participant and custodian to complete the agreement. They may include, for example, definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the custodian, custodian fee's, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the participant, etc. Attach additional pages if necessary.

Custodial Agreement

Traditional Individual Retirement Custodial Account Form 5305-A
(Under Section 408 of the Internal Revenue Code)
For Simplified Employee Pensions (SEP) and
For Salary Reduction Simplified Employee Pensions (SARSEP)

ARTICLE I

Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k), or a recharacterized contribution described in section 408A(d)(6), the custodian will accept only cash contributions up to $3,000 per year for tax years 2002 through 2004. That contribution limit is increased to $4,000 for tax years 2005 through 2007 and $5,000 for 2008 and thereafter. For individuals who have reached the age of 50 before the close of the tax year, the contribution limit is increased to $3,500 per year for tax years 2002 through 2004, $4,500 for 2005, $5,000 for 2006 and 2007, and $6,000 for 2008 and thereafter. For tax years after 2008, the above limits will be increased to reflect a cost-of-living adjustment, if any.

ARTICLE II

The depositor's interest in the balance in the custodial account is nonforfeitable.

ARTICLE III

1. No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be commingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).

2. No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver and platinum coins, coins issued under the laws of any state, and certain bullion.

ARTICLE IV

1. Notwithstanding any provision of this agreement to the contrary, the distribution of the depositor's interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.

2. The depositor's entire interest in the custodial account must be, or begin to be, distributed not later than the depositor's required beginning date, April 1 following the calendar year in which the depositor reaches age 70½. By that date, the depositor may elect, in a manner acceptable to the custodian, to have the balance in the custodial account distributed in:

(a) A single sum, or

(b) Payments over a period not longer than the life of the depositor or the joint lives of the depositor and his or her designated beneficiary.

3. If the depositor dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:

(a) If the depositor dies on or after the required beginning date and:

(i) the designated beneficiary is the depositor's surviving spouse, the remaining interest will be distributed over the surviving spouse's life expectancy as determined each year until such spouse's death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse's death will be distributed over such spouse's remaining life expectancy as determined in the year of the spouse's death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.

(ii) the designated beneficiary is not the depositor's surviving spouse, the remaining interest will be distributed over the beneficiary's remaining life expectancy as determined in the year following the death of the depositor and reduced by 1 for each subsequent year, or over the period in paragraph (a)(iii) below if longer.

(iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the depositor as determined in the year of the depositor's death and reduced by 1 for each subsequent year.

(b) If the depositor dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated beneficiary, in accordance with (ii) below:

(i) The remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the depositor's death. If, however, the designated beneficiary is the depositor's surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the depositor would have reached age 70½. But, in such case, if the depositor's surviving spouse dies before the distributions are required to begin, then the remaining interest will be distributed in accordance with (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse's designated beneficiary's life expectancy, or in accordance with (ii) below if there is no such designated beneficiary.

(ii) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the depositor's death.

4. If the depositor dies before his or her entire interest has been distributed and if the designated beneficiary is not the depositor's surviving spouse, no additional contributions may be accepted in the account.

5. The minimum amount that must be distributed each year, beginning with the year containing the depositor's required beginning date, is known as the "required minimum distribution" and is determined as follows:

(a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the depositor reaches age 70½, is the depositor's account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the depositor's designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the depositor's account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the depositor's (or, if applicable, the depositor and spouse's) attained age (or ages) in the year.

(b) The required minimum distribution under paragraphs 3(a) and 3(b)(i) for a year, beginning with the year following the year of the depositor's death (or the year the depositor would have reached age 70½, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9) of the individual specified in such paragraphs 3(a) and 3(b)(i).

(c) The required minimum distribution for the year the depositor reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.

6. The owner of two or more Traditional IRAs may satisfy the minimum distribution requirements described above by taking from one Traditional IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

ARTICLE V

1. The depositor agrees to provide the custodian with all information necessary to prepare any reports required by section 408(i) and Regulations sections 1.408-5 and 1.408-6.

2. The custodian agrees to submit to the Internal Revenue Service (IRS) and the depositor the reports prescribed by the IRS.

ARTICLE VI

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles inconsistent with section 408(a) and the related regulations will be invalid.

ARTICLE VII

This agreement will be amended as necessary to comply with the provisions of the Code and related regulations. Other amendments may be made with the consent of the depositor.

ARTICLE VIII

Note: For purposes of Article VIII, Account means the First Investors SEP-IRA Account and/or SARSEP-IRA Account, as applicable. Unless otherwise stated, for other definitions of terms used throughout Article VIII, refer to Section 3 of the First Investors SEP-IRA and SARSEP-IRA Disclosure Statement.

1. (a) First Investors is committed to complying with the USA PATRIOT Act and the regulations issued thereunder. Therefore, First Investors reserves the right to verify the Depositor's identity and reserves the right to redeem the Account at the then current market value if the Depositor's identity is not verified to its satisfaction.

(b) (i) By execution of the First Investors SEP-IRA Application (Application), the individual named therein (Depositor) applied for a First Investors Simplified Employee Pension (SEP-IRA Account) described in Section 408(k) of the Internal Revenue Code of 1986, as amended (Code), has designated and appointed the Custodian as custodian of the Account, and has adopted the Custodial Agreement and the accompanying Disclosure Statement.

(ii) By execution of the First Investors SARSEP-IRA Application (Application), the individual named therein (Depositor) applied for a First Investors Salary Reduction Simplified Employee Pension (SARSEP-IRA Account) described in Section 408(k) of the Internal Revenue Code of 1986, as amended (Code), has designated and appointed the Custodian as custodian of the Account, and has adopted the Custodial Agreement and the accompanying Disclosure Statement.

(iii) The Custodian has accepted its appointment as Custodian.

(iv) The Custodian will establish and maintain an Account for the Depositor upon receipt of a properly completed and executed Application and other documentation required by the Custodian and First Investors.

(v) The Depositor and the Custodian hereby agree that the Account shall be governed by the provisions of this Agreement, as well as the Disclosure Statement and the Application.

(c) (i) The Account previously established will be maintained pursuant to Section 408(k) of the Code in order to provide a retirement benefit for the Depositor named in a previous Application.

(ii) By continuing to maintain an Account, the Depositor approves the continued designation and appointment of the Custodian as the custodian of the Account and agrees to the terms of the Agreement.

(d) The Custodian agrees to act as the custodian of the Account in accordance with the terms and conditions of the Agreement.

(e) The Custodian shall hold in the Account all contributions, transfers and rollovers which are received by it in good order, subject to the terms and conditions of the Agreement and for the purposes set forth herein. The Custodian shall be responsible only for such assets as shall be actually received by it.

(f) The Account is created for the exclusive benefit of the Depositor and his or her beneficiaries. Generally, each beneficiary shall, from the Depositor's death until the complete distribution of the beneficiary's share in the Account, have the same rights, responsibilities and control over his or her share of the Account as the Depositor had prior to his or her death and shall be subject to the same agreements and understandings as the Depositor. Neither the Depositor nor any beneficiary shall use the Account or any portion thereof as security for a loan, nor shall such individual engage in any transaction prohibited by Section 4975 of the Code.

(g) Assets held in an Account shall not be commingled with the property of others. For purposes of the preceding sentence, investment in a Designated Investment Company shall not be considered commingling.

2. (a) Contributions, transfers and rollovers must be made to the Account by check drawn on a U.S. bank payable to First Investors Corporation, by electronic funds transfer, or by federal fund wire.

(b) Contributions must be made by the Employer and must be accompanied by investment instructions in a form and manner acceptable to the Custodian.

(c) (i) Transfers and rollovers from another SEP-IRA which qualify as "rollover contributions" described in Section 408(d)(3) of the Code may be made to the SEP-IRA Account. If acceptable to First Investors, other "rollover contributions" described in Section 402(c), 403(a)(4), 403(b)(8), 408(d)(3) or 457(e)(16) of the Code may be made to the SEP-IRA Account. The Depositor shall identify rollover contributions as such in writing and the Custodian and First Investors are authorized to rely on such identification.

(ii) Transfers and rollovers from another SARSEP-IRA which qualify as "rollover contributions" described in Section 408(d)(3) of the Code may be made to the SARSEP-IRA Account. If acceptable to First Investors, other "rollover contributions" described in Section 402(c), 403(a)(4), 403(b)(8), 408(d)(3) or 457(e)(16) of the Code may be made to the Account. The Depositor shall identify rollover contributions as such in writing and the Custodian and First Investors are authorized to rely on such identification.

(iii) Neither the Custodian nor First Investors shall be liable in any manner for a transfer or rollover which does not qualify as a transfer or rollover.

(d) (i) The Custodian must receive specific instructions for specific purchases, sales, and other transactions in a form and manner acceptable to the Custodian. If the Custodian is not provided with a properly completed Application or proper investment instructions or if the Custodian receives instructions which are, in the opinion of the Custodian, incomplete, not clear or otherwise not acceptable, the Custodian may request such information as it deems necessary. Pending receipt of such Application, documentation and/or clear instructions any amount may (I) remain uninvested, (II) be invested in money market shares, (III) be returned to the Employer, or (IV) be returned to the remitting custodian or trustee.

(ii) Contributions, transfers and rollovers to the Account and investments currently held in the Account may be divided between or among more than one Designated Investment Company. Unless waived, each payment into the Account must meet the minimum amount required by the Designated Investment Company. The term "Designated Investment Company" shall mean a registered investment company of the open-end management type, the securities of which are sponsored, distributed and/or underwritten by First Investors Corporation.

(iii) The selection of the Designated Investment Company with respect to the investments held in the Account, current contributions, transfers and rollovers and those made in the future may be changed at any time and from time to time upon receipt by the Custodian of instructions acceptable to the Custodian.

(iv) The Custodian shall have no duty to inquire into the investment practices of a Designated Investment Company and each Designated Investment Company shall have the exclusive right to control its investments.

(e) The Custodian shall invest all such contributions, transfers and rollovers in the securities of the Designated Investment Company specified by the Depositor. The Custodian shall be responsible for executing such instructions promptly; provided, however, that if the Depositor makes a transfer or rollover to the Account in excess of $100,000, neither the Custodian nor First Investors shall be obligated to invest any portion of the Depositor's initial transfer or rollover to his or her Account until seven (7) calendar days have elapsed from the execution date of the Application. Investments may be delayed due to a force majeure (cause or event outside the reasonable control of the parties or that could not be avoided by the exercise of due care, such as an act of God or any mechanical, electronic or communications failure), government restrictions or changes, exchange or market rulings, strikes, interruptions of communications or data processing services, or disruptions in orderly trading on any exchange or market.

(f) Generally, all dividends and capital gains received upon assets in the Account shall be reinvested in the securities of the Designated Investment Company selected by the Depositor and credited to the Account.

(g) Neither the Custodian nor First Investors shall be responsible in any way for the collection of contributions provided for under the Agreement, the selection of the investments for the Account, the purpose or propriety of any contribution, transfer or rollover or any action taken at the direction of the Depositor or such other person or entity which the Custodian or First Investors believes to be authorized to act on behalf of the Depositor.

(h) Neither the Custodian nor First Investors shall be liable to the Depositor, Employer, beneficiaries or any other person for any depreciation or similar loss of assets or for the failure of the Account to produce any or larger net earnings.

(i) Unless required by law, neither the Custodian nor First Investors shall have any obligation to: verify the Depositor's eligibility to make or receive contributions; verify the Employer's eligibility to make contributions; compel the Depositor or the Employer to make any contribution; determine whether contributions made to the Account fall within the applicable limits; give advice on the deductibility of any contributions; or notify the Depositor or the Employer of the existence or amount of an "excess contribution", if any, as that term is defined in Section 4973(b) of the Code. The Custodian and First Investors may rely solely on the representations and instructions of the Depositor and the Employer.

3. (a) The Custodian or its nominee shall be the holder of record and the Depositor shall be the beneficial owner of all such securities and any other property in the Account.

(b) The Custodian shall maintain a record of the Account for the Depositor reflecting his or her Account activity.

(c) The Custodian shall furnish statements to the Depositor setting forth receipts, investments, disbursements, and other transactions. Upon the expiration of thirty (30) days after furnishing such statement, the Custodian and First Investors shall be forever released and discharged from all liability and accountability to anyone with respect to their acts, transactions, duties, obligations, or responsibilities as shown in or reflected by such statement, except with respect to any such acts or transactions for which written objections shall have been filed with the Custodian or First Investors within such thirty (30) day period by the Depositor, or, if applicable, the Depositor's beneficiary or legal representative or such other entity which the Custodian or First Investors believes to be authorized to act on behalf of the Depositor, or, if applicable, the deceased Depositor.

(d) By giving investment instructions to the Custodian, the Depositor will be deemed to have acknowledged receipt of the prospectus of the Designated Investment Company in which the Depositor directs that the Custodian invest assets in his or her Account.

(e) The Custodian shall deliver or cause to be delivered to the Depositor all notices, shareholder reports, prospectuses, financial statements, proxies, voting instruction cards, and proxy soliciting material relating to securities held in the Account. The Custodian in its capacity as Custodian hereunder shall vote all shares of the Designated Investment Company held hereunder in accordance with the instructions of the Depositor. However, the Custodian shall, unless otherwise prohibited by applicable law, without direction from the Depositor, vote shares held in the Account for which no voting instructions are timely received in the same proportion as shares for which voting instructions from such other shareholders are timely received.

4. (a) All distributions from an Account are subject to the requirements of Section 401(a)(9) of the Code.

(b) Generally, no distributions will be made from the Depositor's Account until a properly completed and executed request form has been submitted to the Custodian in good order.

(c) (i) The Depositor or such other person or entity which the Custodian believes to be authorized to act on behalf of the Depositor, may request a distribution at any time. Such request must be in a forms and manner acceptable to the Custodian. Such request must set forth the requested amount and method of distribution. In the event such request is, in the opinion of the Custodian, incomplete, not clear or otherwise not acceptable, the Custodian may request information it deems necessary be provided in a form and manner acceptable to the Custodian.

Upon receipt of such request, and, if applicable, additional information requested by the Custodian, the Custodian is authorized to liquidate and distribute assets held in the Account to make distributions, transfers or rollovers. Such distribution, transfer or rollover will discharge the Custodian from any and all claims as to the portion of the Account so distributed, transferred or rolled over.

(ii) If the Depositor is deceased, the beneficiary or legal representative of the Depositor, or such other entity which the Custodian believes to be authorized to act on behalf of the deceased Depositor, shall notify the Custodian in writing of any request for a distribution. Such request must be in a form and manner acceptable to the Custodian. Such notice must set forth the requested amount and method of distribution. In the event such request is, in the opinion of the Custodian, incomplete, not clear or otherwise not acceptable, the Custodian may request information it deems necessary be provided in a form and manner acceptable to the Custodian.

Upon receipt of such request, and, if applicable, additional information requested by the Custodian, the Custodian is authorized to liquidate and distribute assets held in the Account to make distributions, transfers or rollovers. Such distribution, transfer or rollover will discharge the Custodian from any and all claims as to the portion of the Account so distributed, transferred or rolled over.

(d) (i) A distribution which qualifies as an Eligible Rollover Distribution under the Code may be transferred as a direct rollover by the Depositor to an eligible retirement plan which accepts such rollover. An eligible retirement plan is defined in the Code as an Individual Retirement Arrangement (IRA), 403(b), a qualified defined contribution plan, a qualified defined benefit plan, or a Governmental 457 Plan. The Custodian shall pay such distribution in the form of a direct rollover in accordance with regulations, rulings and other administrative pronouncements issued by the Internal Revenue Service.

(ii) The Custodian may require that before a direct rollover or trustee-to-trustee transfer is made to an unaffiliated company, the successor trustee or custodian must agree in writing to accept the transferred assets.

(e) (i) The Custodian may refuse to honor any request for the distribution, transfer or rollover of any assets or payment of any amount from the Account if such request does not conform to the then current administrative policies of the Custodian or First Investors or the then applicable requirements for the distribution, rollover or transfer of shares of the Designated Investment Company in which the assets of the Account are invested and to which such request relates.

(ii) The Custodian and First Investors may rely solely on the representations of the Depositor, the Employer or, if applicable, the Depositor's beneficiary or legal representative or such other entity which the Custodian believes to be authorized to act on behalf of the Depositor, or, if applicable, the deceased Depositor.

(iii) Neither the Custodian nor First Investors shall (I) be responsible in any way for the timing, purpose or propriety of any distribution, transfer or rollover made pursuant to instructions from the Depositor or, if applicable, the Depositor's beneficiary or legal representative or such other entity which the Custodian believes to be authorized to act on behalf of the Depositor, or, if applicable, the deceased Depositor, or (II) incur any liability for any tax imposed as a result of such distribution, transfer or rollover.

(iv) Unless otherwise required by law, neither the Custodian nor First Investors shall have any obligation to give advice as to whether taxes or penalties are due on distributions, transfers or rollovers made hereunder or the amount due.

(f) If the Depositor fails to make an election to receive all or a portion of the interest in his or her Account by the Depositor's required beginning date as set forth in paragraph 2 of ARTICLE IV, no payments will be made to such Depositor until such time as the Custodian receives a properly completed payment request form.

(g) Notwithstanding anything to the contrary in this Agreement, to the extent permitted by applicable federal law, the Custodian, upon receipt of an Internal Revenue Service levy against the Depositor's Account (Levy), may liquidate assets held in the Account, with or without notice to the Depositor, Employer, beneficiary or legal representative or any other person or entity and forward the proceeds to satisfy such Levy. Except as otherwise provided by applicable law, neither the Custodian nor First Investors shall be liable for any action taken in good faith and in exercise of due care. In the event of any action undertaken by the Custodian or First Investors resulting from any order described herein, all court costs, legal expenses, reasonable compensation for the time expended by the Custodian and First Investors and any other expenses and costs, including reasonable attorney's fees, shall be collected by the Custodian or First Investors from the Account in accordance with this Agreement.

(h) Neither the Custodian nor First Investors shall have any obligation to pay interest on outstanding checks or distributions.

(i) Neither the Custodian nor First Investors shall have any obligation to return any amounts withheld from any distribution for federal income tax purposes where the amount withheld is a result of the Depositor's, beneficiary's, legal representative's or authorized entity's failure to provide a proper withholding election prior to such distribution.

5. (a) This Agreement shall terminate upon the complete distribution of the assets of the Account:

(b) Upon one hundred eighty (180) days written notice or such shorter notice as may be acceptable to the Custodian, First Investors Corporation (Sponsor) may remove the Custodian and name a Successor Custodian.

(c) Upon one hundred eighty (180) days written notice or such shorter notice as may be acceptable to the Sponsor, the Custodian may resign. Upon notice of such resignation, the Sponsor will name a Successor Custodian. If, within ninety (90) days of the mailing of the notice of resignation of the Custodian, no successor custodian is appointed by the Sponsor or if the successor custodian appointed by the Sponsor has not notified the Custodian of its acceptance, the Custodian may appoint a successor custodian.

(d) In the event that the Commissioner revokes the Notice of Approval because First Investors Corporation, acting as Custodian, has failed to comply with the requirements of Section 1.408-2(e) of the regulations promulgated under Section 408 of the Code, or is not keeping such records, or making such returns or rendering such statements as are required by forms or regulations, then the Sponsor shall name a Successor Custodian in accordance with the notice of revocation.

(e) Upon receipt by the Custodian of written notice of acceptance by the Successor Custodian,

the Custodian shall transfer and pay over to such Successor Custodian the assets of the Depositor's Account. Any outstanding fees, expenses and costs of the Custodian shall be payable in accordance with an agreement between the Custodian and the Sponsor. Upon the transfer of the assets of the Depositor's Account, the Successor Custodian will succeed to all the rights and responsibilities of the Custodian hereunder and the Custodian shall be relieved from any future liability with respect to all amounts so transferred.

(f) The appointment and acceptance of the Successor Custodian shall be deemed an amendment to the definition of the Custodian in this Agreement and shall not terminate this Agreement. Neither the Depositor nor the Employer shall be required to sign any agreement accepting the Successor Custodian and shall be deemed to have accepted the Successor Custodian if the Account is not terminated.

(g) Successor Custodian means a bank as defined in Section 408(n) of the Code or such other person who has been approved by the IRS to serve as a nonbank custodian or trustee and has agreed to and is qualified to act under this Agreement.

(h) If after the Custodian's removal or resignation no qualified successor has notified the Custodian of its acceptance to act, the Custodian shall, upon forty-five (45) days advanced notice to the Depositor, terminate the Account. Termination of the Account shall be effected by distributing the assets of the Account by a single sum payment in cash or in kind as the Custodian may elect, less any assets which may be reserved by the Custodian to pay its fees, expenses and costs, to the extent not otherwise paid. The Custodian shall distribute the Account to the Depositor or his or her beneficiaries or if there is no beneficiary, to the Depositor's estate.

(i) The Employer may discontinue future Depositor contributions and/or employer contributions to a Depositor's Account. Such election will not terminate the Agreement with respect to assets held in the Account.

(j) The Custodian shall not be liable for the acts or omissions of any Successor Custodian. Unless otherwise agreed to in writing by the Custodian or First Investors, upon the complete distribution, rollover or transfer of the assets of the Account, the Custodian and First Investors shall be relieved of all further liability with respect to this Agreement, the Account and the assets so distributed or transferred.

6. (a) Sales and other charges attributable to the acquisition of securities, as stated in the Designated Investment Company's then current prospectus, will be charged to the Depositor's Account for which such securities are acquired.

(b) Any taxes levied or assessed upon or in respect to the Depositor's Account, and any other expenses or fees incurred by or on behalf of the Account shall be paid from the assets of the Account. The Custodian shall liquidate such securities held in the Depositor's Account as are necessary to pay any such taxes, fees and expenses in full.

(c) There is an annual custodial fee ("Fee") for each Account, regardless of the number of Designated Investment Companies. The Fee is currently being paid by the respective Designated Investment Companies. However, the Designated Investment Companies reserve the right to discontinue paying this Fee at any time. If the Designated Investment Companies exercise this right, the Fee will be charged to the Depositor's Account.

Beginning April 1, 2013 the Designated Investment Companies will no longer pay the Fee. Instead, the Fee will be deducted from the Designated Investment Companies held within the Depositor's Account. The Fee for each Account (regardless of the number of Designated Investment Companies held within the Account) that will be deducted annually on the last business day of the first quarter for the following 12-month period is $15.00. The first Fee will be deducted on the last business day in March 2013. To the extent that the Depositor maintains a Cash Management Designated Investment Company, the Fee will be deducted from those assets. If those assets are less than the Fee, the balance of the Fee will be deducted equally from the remaining Designated Investment Companies held in the Depositor's Account.

Notwithstanding the foregoing, the Fee may be waived or reduced for any reason which, in the opinion of the Custodian, is acceptable or desirable, including:

- If the value of all accounts in the Depositor's Customer Account is equal to or exceeds $100,000 as of the last business day of the first quarter, the Fee is waived for the following 12-month period.
- If the value of all accounts in the Depositor's Customer Account is equal to or exceeds $50,000 and is less than $100,000 as of the last business day of the first quarter, the Fee is reduced by 50% for the following 12-month period.
- If the Account is maintained by an Associate, as defined in the Designated Investment Company's prospectus, the Fee is waived.

For purposes of determining the value of accounts held by the Depositor, Customer Account means all Designated Investment Companies within the same 10-digit customer number assigned to the Depositor that includes the applicable Account.

Under no circumstances will all or a portion of the Fee be returned to the Depositor if the Depositor subsequently meets the requirements for a reduced or waived Fee or if the Depositor subsequently terminates the Account.

(d) First Investors reserves the right to charge an annual maintenance fee which shall be deducted from the Depositor's Account on an annual basis and reserves the right to modify the annual maintenance fee from time to time.

(e) Except as otherwise provided herein, all other previously disclosed fees and expenses incurred in connection with the establishment, maintenance and administration of the Depositor's Account, including but not limited to the payment of low balance fees, will be paid from the Depositor's Account. The Depositor's Account may also be charged fees for an Account History Statement, copies of canceled checks, duplicate tax forms and use of express mail service pursuant to the Depositor's request. See the Designated Investment Company's prospectus and Statement of Additional Information for an explanation of such fees.

(f) The Depositor agrees that fees shall be paid when due. Such fees may be waived by the Custodian or, if applicable, First Investors at any time and may be revised by the Custodian upon forty-five (45) days written notice to the Depositor.

(g) The Custodian and First Investors may impose new fees or increase, decrease or otherwise modify its fees for services hereunder by written notice to the Depositor forty-five (45) days in advance of the effective date of such imposition or change in fees. The Depositor shall be deemed to have consented to any new or revised fees if the Depositor's Account is not terminated before the effective date of such imposition or revision. Custodial and administrative fees which have been added or revised in accordance with this Section will become legally binding.

7. (a) It shall be the obligation of the Depositor to notify the Custodian of any changes to his or her name and social security number and to his or her mailing address within a reasonable time. If the Depositor fails to do so, mail is returned as undeliverable, and the Custodian has been unable to obtain a current address, the Custodian may employ a company to locate the Depositor in accordance with rules established by the Securities and Exchange Commission. Returned dividend checks and other distributions will be outstanding and will not be reinvested into the Designated Investment Company from which it was removed. No interest will be paid on outstanding checks. All future dividends and other distributions will be reinvested in additional shares until new instructions are provided. See the Designated Investment Company's prospectus and Statement of Additional Information for a detailed explanation of these provisions.

(b) If the Custodian is unable to locate a person entitled to assets held in the Account, or if there has been no claim made for such assets, the Custodian shall continue to hold the assets due such person, subject to the unclaimed property laws of the applicable state to the extent not superseded by federal statutes.

8. The Custodian delegates to First Investors Corporation the right to amend the Agreement, including any retroactive or prospective amendments necessary to ensure that the Agreement will satisfy or continue to satisfy the applicable requirements of the Code.

9. The Agreement may be amended from time to time by submitting a copy of any such amendment to the Depositor and to the Custodian at least forty-five (45) days in advance of the effective date of any such amendment. Notwithstanding the foregoing, no such advance submission shall be required in the case of any amendment that may be required by the Internal Revenue Service so that the Account shall remain an Individual Retirement Account under Section 408 of the Code or that is not required to ensure compliance with the Code but that the Custodian or First Investors deems desirable to (i) clarify existing provisions, or (ii) reflect provisions of laws, regulations, notices or other Internal Revenue Service or regulating administrative pronouncements that could benefit the Depositor; provided, however, that such amendment does not significantly affect fees, expenses, charges and costs. The Depositor shall be deemed to have consented to any amendment if he or she does not terminate the Account.

10. (a) Written instructions and notices required to be given to the Custodian by the Agreement shall be signed and remitted to the Custodian. Any such notice or instruction shall not become effective until actual receipt of said notice or instruction in good order by the Custodian.

(b) Any notice from the Custodian provided for in this Custodial Agreement will be effective if sent by regular mail to the Depositor at the Depositor's address as shown on the records of the Custodian or, if the Depositor requested to receive notices electronically, if delivered to the e-mail address provided for such purpose. In the event that the Custodian is notified that electronic delivery failed for any reason, the notice will then be sent by regular mail to the address of record. A Depositor will be deemed to have received such notice seven (7) days after mailing by the Custodian. Notwithstanding the foregoing, the Custodian will be deemed to have mailed such notices to the

Depositor if mail that had been previously sent to that person was returned as undeliverable and the Custodian has not been provided with a current address in accordance with its procedures.

11. (a) Neither the Custodian nor First Investors shall be responsible for any liability arising out of the Agreement except such liability as is occasioned by the gross negligence or willful misconduct of the Custodian or First Investors.

(b) Neither the Custodian nor First Investors shall be

- liable for any losses or depreciation in the value of shares of any Designated Investment Company or
- obligated to pay interest or appreciation in the value of shares of any Designated Investment Company

that might result from: (i) the delay in acting upon any instructions, directions or requests that are submitted to the Custodian without the appropriate authorization(s), form(s) or signature(s) as required by the Custodian, or (ii) acting upon any instructions, directions or requests that are believed to the complete and in good order. Neither the Custodian nor First Investors shall have any duty other than the exercise of good faith nor shall they incur any liability by reason of any action taken in reliance upon inaccurate or fraudulent information reported by any source believed to be reliable, or by reason of incomplete information in its possession at the time of such distribution that the Custodian or First Investors believes to be complete.

(c) Neither the Custodian nor First Investors shall be responsible for any action or no action taken at the Depositor's or Employer's request or, if applicable, the Depositor's beneficiary or legal representative or such other entity which the Custodian believes to be authorized to act on behalf of the Depositor, or, if applicable, the deceased Depositor. The Custodian and First Investors may rely upon and shall be protected in acting upon any written, verbal or electronic instructions or any other notice, request, consent, certificate or other instrument from the Depositor, Employer or, if applicable, the Depositor's beneficiary or legal representative or such other entity which the Custodian believes to be authorized to act on behalf of the Depositor, or, if applicable, the deceased Depositor, which is reasonably believed by the Custodian or First Investors to be genuine and to have been properly executed.

(d) Unless otherwise required by law, neither the Custodian nor First Investors shall be obligated to take any action whatsoever with respect to the Account except upon receipt of directions in a form and manner acceptable to the Custodian from the Depositor, the Employer or, if applicable, the Depositor's beneficiary or legal representative or such other entity which the Custodian or First Investors believes to be authorized to act on behalf of the Depositor, or, if applicable, the deceased Depositor. Neither the Custodian nor First Investors shall be under any obligation to determine the accuracy or propriety of any such direction and shall be fully protected in acting in accordance therewith.

(e) Neither the Custodian nor First Investors shall be obligated to defend or engage in any suit with respect to the Account unless each shall first have agreed in writing to do so and shall have been fully indemnified to the satisfaction of the Custodian and First Investors. The Depositor, or, if the Depositor is deceased, each of the Depositor's beneficiaries shall at all times indemnify and hold harmless the Custodian and First Investors from any liability arising from any action taken by the Custodian or First Investors upon the written, verbal or electronic instructions of the Depositor, the Employer or, if applicable, the Depositor's beneficiary or legal representative or such other entity which the Custodian believes to be authorized to act on behalf of the Depositor, or, if applicable, the deceased Depositor.

12. The Custodian and First Investors agree to submit reports to the IRS, Department of Labor and the Depositor at such times, in such manner and containing such information as prescribed as the responsibility of the Custodian by the applicable federal statutes and the regulations thereunder.

13. The Custodian hereby appoints Administrative Data Management Corp. (ADM), an affiliate of First Investors Corporation and the transfer agent for each of the Designated Investment Companies hereunder, as its agent and has delegated to ADM administrative and discretionary duties with respect to the Account including, but not limited to:

- the establishment and maintenance of Accounts,
- the acceptance and investment of contributions, transfers and rollovers into such Accounts,
- the distribution of assets from such Accounts,
- correspondence relating to such Accounts, including the sending of required notices and other documents, and
- the delivery of quarterly and other statements.

ARTICLE IX

First Investors funds are not FDIC insured, are not guaranteed by the Custodian or First Investors, and are subject to investment risks including possible loss of principal.

ARTICLE X

State income tax law may differ from federal income tax law and may be more restrictive.

Some states have statutes that automatically reflect changes made to the federal income tax code. Other states have tax statutes that are based on the federal income tax code as in effect on a specific date so that changes to the federal income tax code made after that date become effective only when the state adopts legislation expressly incorporating the changes.

Before taking advantage of any changes made to the federal income tax code, the Depositor should consult with a qualified tax advisor or attorney regarding the relationship of his or her state tax statutes and the federal income tax code.

ARTICLE XI

No provision of this Agreement shall be construed to conflict with any provision of a U.S. Labor Department, Treasury Department or IRS regulation, ruling, notice, release or other order which affects, or could affect, the terms of this Agreement or its qualification under Section 408 of the Code.

This Agreement shall be construed, administered and enforced according to the laws of New York to the extent not preempted by federal law.

William Lipkus - Custodian's Signature

GENERAL INSTRUCTIONS

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

PURPOSE OF THE FORM

Form 5305-A is a model custodial account agreement that meets the requirements of section 408(a) and has been pre-approved by the IRS. An individual retirement account (IRA) is established after the form is fully executed by both the individual (depositor) and the custodian and must be completed no later than the due date of the individual's income tax return for the tax year (excluding extensions). This account must be created in the United States for the exclusive benefit of the depositor and his or her beneficiaries.

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

For more information on IRAs, including the required disclosures the Custodian must give the Depositor, see Pub. 590, Individual Retirement Arrangements (IRAs).

DEFINITIONS

Custodian - The Custodian must be a bank or savings and loan association, as defined in section 408(n), or any person who has the approval of the IRS to act as custodian.

Depositor - The Depositor is the person who establishes the custodial account.

IDENTIFYING NUMBER

The Depositor's social security number will serve as the identification number of his or her IRA. An employer identification number (EIN) is required only for an IRA for which a return is filed to report unrelated business taxable income. An EIN is required for a common fund created for IRAs.

TRADITIONAL IRA FOR NONWORKING SPOUSE

Form 5305-A may be used to establish the IRA custodial account for a nonworking spouse.

Contributions to an IRA custodial account for a nonworking spouse must be made to a separate IRA custodial account established by the nonworking spouse.

SPECIFIC INSTRUCTIONS

Article IV - Distributions made under this article may be made in a single sum, periodic payment, or a combination of both. The distribution option should be reviewed in the year the depositor reaches age 70½ to ensure that the requirements of section 408(a)(6) have been met.

Article VIII - Article VIII and any that follow it may incorporate additional provisions that are agreed to by the depositor and custodian to complete the agreement. They may include, for example, definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the Custodian, Custodian's fees, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the Depositor, etc. Attach additional pages if necessary.

Form **5305-SIMPLE** (Rev. March 2012) Department of the Treasury Internal Revenue Service	**Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) - for Use With a Designated Financial Institution**	OMB No. 1545-1502 **Do Not** file with the Internal Revenue Service

_____ establishes the following SIMPLE
Name of Employer
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 individual retirement account or annuity established at the designated financial institution (SIMPLE IRA) for 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 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. See instructions.

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 (e.g., 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.

2 a **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 $250,000* 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) to the designated financial institution for the IRAs established under this SIMPLE IRA plan 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) to the designated financial institution for the IRAs established under this SIMPLE IRA plan 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 2012. 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's internet web site at **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 **No Cost Or Penalty For Transfers.** The Employer will not impose any cost or penalty on a participant for the transfer of the participant's SIMPLE IRA balance to another IRA.

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 or eligible retirement plan after a 2-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 **Designated Financial Institution**. A designated financial institution is a trustee, custodian, or insurance company (that issues annuity contracts) for the SIMPLE IRA plan that receives all contributions made pursuant to the SIMPLE IRA plan and deposits those contributions to the SIMPLE IRA of each eligible employee.

Article VI - Procedures for Withdrawal

SIMPLE IRA Transfers:

In the event that an eligible employee participating in the plan wishes to transfer contributions (including both the employee's salary reduction contributions and any employer contributions made to the plan) to another IRA, without incurring any cost or penalty, the employee may notify Administrative Data Management Corp. ("ADM") when the employee initially establishes a SIMPLE IRA account, or at any other time, by using First Investors' SIMPLE IRA Designated Financial Institution Transfer Form.

ADM will process this transfer request on a monthly basis without cost or penalty provided the following requirements are met:

a The contributions (including both the employee's salary reduction contributions and employer contributions made to the plan) being transferred have been invested in Class A shares of the First Investors Cash Management Fund;

b The employee requests 100% of the balance of the Cash Management account to be transferred.

If the contribution to be transferred (including existing balances that may be transferred) was not invested in Class A shares of the First Investors Cash Management Fund, but in another investment for which a charge (either a sales charge, contingent deferred sales charge, surrender charge or other charge) ("Charge") was imposed, the transfer cannot be made without cost or penalty, and the Trustee is not obligated to refund such Charge. The election will continue in force until the employee revokes it by sending written notice to ADM.

SIMPLE IRA Withdrawals:

An eligible employee may redeem contributions (including both the employee's salary reduction contributions and any employer contributions made to the plan) at any time by submitting a completed IRA Distribution Request form to ADM. A signature guarantee may be required. If requesting a trustee to trustee transfer, the successor trustee may be required to supply custodial acceptance.

An IRS Form W-4P, signed by the eligible employee, is required unless a withholding election has been specified on the IRA Distribution Request Form. If no withholding election is made, ADM will withhold 10% on all distributions except trustee-to-trustee transfers. Notwithstanding the foregoing, any election to have no income tax withheld from a nonperiodic distribution will apply to all subsequent nonperiodic distributions until the eligible employee files a new withholding form. All distributions may be subject to IRS imposed tax and penalties, including, but not limited to a 25% premature distribution penalty if an exemption from such penalty is not available.

ADM will process the redemption on the business day that the request is received in good order as defined by the First Investors prospectus and Statement of Additional Information, which is available free of charge by calling Shareholder Services at 1 (800) 423-4026. The proceeds will generally be sent within seven business days (unless the funds are on 12 day hold).

Article VII - Effective Date

This SIMPLE IRA plan is effective _____. See instructions.

* * * * * *

_____ _____

Name of Employer By: Signature Date

_____

Address of Employer

_____ _____

Name of Employer Contact and Title Contact's Telephone Number

The undersigned agrees to serve as designated financial institution, receiving all contributions made pursuant to this SIMPLE IRA plan and depositing those contributions to the SIMPLE IRA of each eligible employee as soon as practicable. Upon the request of any participant and in accordance with the Procedures for Withdrawal set forth herein, the undersigned also agrees to transfer the participant's balance in a SIMPLE IRA established under this SIMPLE IRA plan to another IRA without cost or penalty to the participant.

First Investors Corporation

Name of Designated Financial Institution

_____

William Lipkus – Chief Financial Officer

110 Wall Street, 4th Floor, New York, NY 10005-3830

Address

Model Notification to Eligible Employees

I. Opportunity to Participate in the SIMPLE IRA Plan

You are eligible to make salary reduction contributions to the _____ SIMPLE IRA plan. This notice and the attached summary description provide you with information that 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 $250,000*) 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).

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 this agreement.)

IV. 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.

Signature of employee _____ Date _____

* *This is the amount for 2012. 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 Web Site at* ***www.irs.gov****.*

General Instructions

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

Purpose of Form

Form 5305-SIMPLE is a model Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) plan document that an employer may use in combination with SIMPLE IRAs to establish a SIMPLE IRA plan described in section 408(p).

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 5305-SIMPLE with the IRS. Instead, keep it with your records.

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

Note: If you used the March 2002, August 2005, or September 2008 version of Form 5305-SIMPLE to establish a model Savings Incentive Match Plan, you are not required to use this version of the form.

Instructions for the Employer

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 or 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 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* below and *Contributions* on page 6). All contributions under this plan will be deposited into a SIMPLE individual retirement account or annuity established for each eligible employee with the designated financial institution named in Article VII.

When to Use Form 5305-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 5305-SIMPLE if:

1. You want to permit each of your eligible employees to choose a financial institution that will initially receive contributions. Instead, use Form 5304-SIMPLE, Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) - Not 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 5305-SIMPLE

Pages 1, 2 and 3 of Form 5305-SIMPLE contain the operative provisions of your SIMPLE IRA plan. This SIMPLE IRA plan is considered adopted when you have completed all appropriate boxes and blanks and it has been executed by you and the designated financial institution.

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 2 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?* earlier.

Salary Reduction Agreements (Article II)

As indicated in Article II, item 1, a salary reduction agreement permits an eligible employee to make an 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 $11,500 for 2012. After 2012, the $11,500 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 $2,500 for 2012. After 2012, the $2,500 amount may be increased for cost-of-living adjustments.

Timing of Salary Reduction Elections

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.

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 4 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 designated financial institution for the employee's SIMPLE IRA.

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* later.

You may reduce this 3% limit to a lower percentage, but not lower than 1%. You cannot lower the 3% limit for more than 2 calendar years out of the 5-year period ending with the calendar year the reduction is effective.

Note: If any year in the 5-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* earlier.

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 $250,000* 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* earlier.

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 designated financial institution for the SIMPLE IRAs of all eligible employees 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 the SIMPLE IRA at the designated financial institution 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 Pub. 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 eligible employees prior to the employees' 60-day election period described above that they can make or change salary reduction elections. 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 4 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 pages 1, 2 and 3 of Form 5305-SIMPLE (including the Article VI Procedures for Withdrawals and Transfers from the SIMPLE IRAs established under this SIMPLE IRA plan).

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.

Reporting Requirements

You are not required to file any annual information returns for your SIMPLE IRA plan, such as Form 5500, Annual Return/Report of Employee Benefit Plan or Form 5500-EZ, Annual Return of One-Participant (Owners and Their Spouses) Retirement Plan. 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.

Choosing the Designated Financial Institution

As indicated in Article V, item 4, a designated financial institution is a trustee, custodian, or insurance company (that issues annuity contracts) for the SIMPLE IRA plan that would receive all contributions made pursuant to the SIMPLE IRA plan and deposit the contributions to the SIMPLE IRA of each eligible employee.

Only certain financial institutions, such as banks, savings and loan associations, insured credit unions, insurance companies (that issue annuity contracts), or IRS-approved nonbank trustees may serve as a designated financial institution under a SIMPLE IRA plan.

You are not required to choose a designated financial institution for your SIMPLE IRA plan. However, if you do not want to choose a designated financial institution, you cannot use this form (see *When to Use Form 5305-SIMPLE* on page 5).

Instructions for the Designated Financial Institution

Completing Form 5305-SIMPLE

By completing Article VII, you have agreed to be the designated financial institution for this SIMPLE IRA plan. You agree to maintain IRAs on behalf of all individuals receiving contributions under the plan and to receive all contributions made pursuant to this plan and to deposit those contributions to the SIMPLE IRAs of each eligible employee as soon as practicable. You also agree that upon the request of a participant, you will transfer the participant's balance in a SIMPLE IRA to another IRA without cost or penalty to the participant.

Summary Description

Each year the SIMPLE IRA plan is in effect, you 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 5305-SIMPLE (including instructions) together with your procedures for withdrawals and transfers from the SIMPLE IRAs established under this SIMPLE IRA plan. The summary description must be received by the employer in sufficient time to comply with the *Employee Notification* requirements on pages 6 and 7.

If you fail to provide 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.

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:M:S, 1111 Constitution Avenue, NW, IR-6526, Washington, DC 20224. Do Not send this form to this address. Instead, keep it for your records.

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SIMPLE IRA Remittance Schedule

First Investors
Administrative Data Management Corp.
Attn. New Accounts Department
PO Box 7837, Edison, NJ 08818-7837

- A completed Form 5305-SIMPLE must be on file with ADM.
- A SIMPLE IRA Application must be on file with ADM for each participant named on the Remittance Schedule.
- Contributions must either be accompanied by a copy of this Remittance Schedule or another format providing the information requested below: Employer's name, Participant's name and social security number and amount of salary deferrals and employer contributions to be allocated to each participant.
- Employer must send ADM a check drawn on a U.S. bank made payable to First Investors Corporation.

Employer Name _____

Employer Telephone Number _____

If an employee wishes to change his/her fund allocation, he/she can call Shareholder Services at 1 (800) 423-4026 or submit to ADM a signed letter of instruction. **Do Not Use This Schedule To Change Employee Investment Allocations.**

Name of Participant	Social Security Number	Amount of Employer Contribution	Amount of Salary Deferral	Contribution For Tax Year
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	

Attach additional sheets, if needed.

Total Contribution Enclosed ..... **$** _____ **$** _____

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Form **5305-SEP**
(Rev. December 2004)
Department of the Treasury
Internal Revenue Service

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 the Internal Revenue Service

_____ makes the following agreement under section 408(k) of the Internal Revenue Code and the instructions to this form.
(Name of employer)

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 $205,000* of compensation.
B. The same percentage of compensation for every employee.
C. Limited annually to the smaller of $41,000* 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 Pub. 560, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans), and Pub. 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 nonmodel 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 $41,000*, whichever is less. Compensation, for this purpose, does not include employer contributions to the SEP or the employee's compensation in excess of $205,000*. If you also maintain a salary reduction SEP, contributions to the two SEPs together may not exceed the smaller of $41,000* 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

* *For 2005 and 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.

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.

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 Pub. 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 $205,000*) 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 $41,000* 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 institution 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.

Form **5305-SEP**
(Rev. December 2004)
Department of the Treasury
Internal Revenue Service

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 the Internal Revenue Service

_____ makes the following agreement under section 408(k) of the Internal Revenue Code and the instructions to this form.
(Name of employer)

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 $205,000* of compensation.
B. The same percentage of compensation for every employee.
C. Limited annually to the smaller of $41,000* 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 Pub. 560, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans), and Pub. 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 nonmodel 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 $41,000*, whichever is less. Compensation, for this purpose, does not include employer contributions to the SEP or the employee's compensation in excess of $205,000*. If you also maintain a salary reduction SEP, contributions to the two SEPs together may not exceed the smaller of $41,000* 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

* *For 2005 and 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.

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.

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 Pub. 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 $205,000*) 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 $41,000* 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 institution 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.

Form **5305A-SEP**
(Rev. June 2006)

Department of the Treasury
Internal Revenue Service

Salary Reduction Simplified Employee Pension—Individual Retirement Accounts Contribution Agreement

(Under section 408(k) of the Internal Revenue Code)

OMB No. 1545-1012

Do not file with the Internal Revenue Service

_____
Name of employer

amends its salary reduction SEP by adopting the following Model Salary Reduction SEP under Internal Revenue Code section 408(k) and the instructions to this form.

Note: An employer may not establish a salary reduction SEP after 1996.

Article I—Eligibility Requirements (check applicable boxes—see instructions)

Provided the requirements of Article III are met, the employer agrees to permit elective deferrals to be made in each calendar year to the individual retirement accounts or individual retirement annuities (IRAs), established by or for all employees who are at least _____ years old (not to exceed 21 years) 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—Elective Deferrals (see instructions)

A. Salary Reduction Amount. An eligible employee may elect to have his or her compensation reduced by a specified percentage or amount per pay period, as designated in writing to the employer.

B. Timing of Elective Deferrals. No deferral election may be based on compensation an eligible employee received, or had a right to receive, before execution of the deferral election.

Article III—SEP Requirements (see instructions)

The employer agrees that each employee's elective deferrals to the SEP will be:

A. Based only on the first $220,000* of compensation.

B. Limited annually to the smaller of: **(1)** 25% of compensation; **or (2)** the section 402(g) limit for the tax year.

C. Limited further, under section 415, if the employer makes nonelective contributions to this or another SEP.

D. Paid to the employee's IRA trustee, custodian, or insurance company (for an annuity contract) or, if necessary, an IRA established for an employee by the employer.

E. Made only if at least 50% of the employer's employees eligible to participate elect to have amounts contributed to the SEP. If the 50% requirement is not satisfied as of the end of any calendar year, then all of the elective deferrals made by the employees for that calendar year will be considered "disallowed deferrals" (IRA contributions that are not SEP-IRA contributions).

F. Made only if the employer had 25 or fewer employees eligible to participate at all times during the prior calendar year.

G. Adjusted only if deferrals to this SEP for any calendar year do not meet the "deferral percentage limitation" described on page 3.

Article IV—Excess SEP Contributions (see instructions)

Elective deferrals by a "highly compensated employee" must satisfy the deferral percentage limitation under section 408(k)(6)(A)(iii). Amounts in excess of this limitation will be deemed excess SEP contributions for the affected highly compensated employee or employees.

Article V—Notice Requirements (see instructions)

A. The employer will notify each highly compensated employee, by March 15 following the end of the calendar year to which any excess SEP contributions relate, of the excess SEP contributions to the highly compensated employee's SEP-IRA for the applicable year. The notification will specify the amount of the excess SEP contributions, whether they must be withdrawn, the calendar year in which any excess contributions are includible in income, and must provide an explanation of applicable penalties if the excess contributions that must be withdrawn are not withdrawn on time.

B. The employer will notify each employee who makes an elective deferral to a SEP that, until March 15 after the year of the deferral, any transfer or distribution from that employee's SEP-IRA of SEP contributions (or income on these contributions) attributable to elective deferrals made that year will be includible in income for purposes of sections 72(t) and 408(d)(1).

C. The employer will notify each employee by March 15 of each year of any disallowed deferrals to the employee's SEP-IRA for the preceding calendar year. Such notification will specify the amount of the disallowed deferrals and the calendar year in which those deferrals are includible in income and must provide an explanation of applicable penalties if the disallowed deferrals are not withdrawn on time.

Article VI—Top-Heavy Requirements (see instructions)

A. Unless paragraph B is checked, the employer will satisfy the top-heavy requirements of section 416 by making a minimum contribution each year to the SEP-IRA of each employee eligible to participate in this SEP (other than a key employee as defined in section 416(i)). This contribution, in combination with other nonelective contributions, if any, is equal to the smaller of 3% of each eligible nonkey employee's compensation or a percentage of such compensation equal to the percentage of compensation at which elective (not including catch-up elective deferral contributions) and nonelective contributions are made under this SEP (and any other SEP maintained by the employer) for the year for the key employee for whom such percentage is the highest for the year.

* *This is the amount for 2006. For later years, the limit may be increased for cost-of-living adjustments. Increases, if any, to the amounts in this form that are subject to cost-of-living adjustments (COLAs), are announced by the IRS in a news release, in the Internal Revenue Bulletin, and on the IRS website at* ***www.irs.gov.***

Article VI—Top-Heavy Requirements *(continued)*

B. ☐ The top-heavy requirements of section 416 will be satisfied through contributions to nonkey employees' SEP-IRAs under this employer's other SEP.

C. To satisfy the minimum contribution requirement under section 416, all nonelective SEP contributions will be taken into account but elective deferrals will not be taken into account.

Article VII—Effective Date (see instructions)

This SEP will be effective upon adoption and establishment of IRAs for all eligible employees.

Employer's signature | Date | Name and title

Instructions

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

Purpose of Form

Form 5305A-SEP is a model salary reduction simplified employee pension (SEP) used by an employer to permit employees to make elective deferrals to a SEP described in section 408(k).

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

Note: SEPs permitting elective deferrals cannot be established after 1996. If you established a SEP before 1997 that permitted elective deferrals, under current law you may continue to maintain such SEP for years after 1996.

If you used the March 2002 version of Form 5305-A SEP for your SEP, you are not required to use this version of the form.

Instructions for the Employer

What Is A SEP?

A SEP is a written arrangement (a plan) that provides you with an easy way to make contributions towards your employees' retirement income. Under a salary reduction SEP, employees may choose whether or not to make elective deferrals to the SEP or to receive the amounts in cash. If elective deferrals are made, you contribute the amounts deferred by your employees directly into a traditional individual retirement arrangement (traditional IRA) set up by or for each employee with a bank, insurance company, or other qualified financial institution. The traditional IRA, established by or for an employee, must be one for which the IRS has issued a favorable opinion letter or a model traditional IRA published by the Service as Form 5305, Traditional Individual Retirement Trust Account, or Form 5305-A, Traditional Individual Retirement Custodial Account. It cannot be a SIMPLE IRA (an IRA designed to accept contributions made under a SIMPLE IRA Plan described in section 408(p)) or a Roth IRA. Adopting Form 5305A-SEP does not establish an employer IRA described in section 408(c).

The information provided below is intended to help you understand and administer the elective deferral rules of your SEP.

When To Use Form 5305A-SEP

Use this form only if you intend to permit elective deferrals to a SEP. If you want to establish a SEP to which nonelective employer contributions may be made, use Form 5305-SEP, Simplified Employee Pension—Individual Retirement Accounts Contribution Agreement, or a nonmodel SEP instead of, or in addition to, this form.

Do not use Form 5305A-SEP if you:

1. Have any leased employees as defined in section 414(n)(2).

2. Currently maintain any other qualified retirement plan. This does not prevent you from also maintaining a Model SEP (Form 5305-SEP) or other SEP to which either elective or nonelective contributions are made.

3. Have more than 25 employees eligible to participate in the SEP at any time during the prior calendar year. If you are a member of one of the groups described in paragraph 2 under *Excess SEP Contributions—Deferral Percentage Limitation* on page 3, you may use this SEP only if in the prior year there were never more than 25 employees eligible to participate in this SEP, in total, of all the members of such groups, trades, or businesses. In addition, all eligible employees of all the members of such groups, trades, or businesses must be eligible to make elective deferrals to this SEP.

4. Are a state or local government or a tax-exempt organization.

Completing the Agreement

This SEP agreement is considered adopted when:

1. You have completed all blanks on the form.

2. You have given all eligible employees the following information:

a. A copy of Form 5305A-SEP. Any individual who in the future becomes eligible to participate in this SEP must be given Form 5305A-SEP, upon becoming an eligible employee.

b. 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.

c. 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.

d. 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 salary reduction SEP using Form 5305A-SEP and have provided each participant a copy of the completed Form 5305A-SEP and the other documents and disclosures described in *Instructions for the Employer* and *Instructions 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 regulations at 29 CFR 2520.104-49.

Forms and Publications You May Use

An employer may need to use any of the following forms or publications:

- Form W-2, Wage and Tax Statement.
- Form 5330, Return of Excise Taxes Related to Employee Benefit Plans. Employers who are liable for the 10% tax on excess contributions use this form to pay the excise tax.
- Pub. 560, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans).
- Pub. 590, Individual Retirement Arrangements (IRAs).

Deducting Contributions

You may deduct, subject to any applicable limits, contributions made to a SEP. 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 particular calendar year ends. See section 404(h). Contributions made for a particular tax year and contributed by the due date of your income tax return, including extensions, are deemed made in that tax year and the contributions are deductible if they would otherwise be deductible had they actually been contributed by the end of that tax year. See Rev. Rul. 90-105, 1990-2 C.B. 69. However, the deductibility of your contributions may be limited if the

contributions are excess contributions. See *Excess SEP Contributions—Deferral Percentage Limitation* on page 3 and the *Deferral Percentage Limitation Worksheet* on page 8.

Effective Date

Insert the date the provisions of this agreement are effective.

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 means 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 (this is the amount for 2006; for later years, it may be increased for cost-of-living adjustments) in compensation during the year.

Elective Deferrals

You may permit your employees to make elective deferrals through salary reduction that, at the employee's option, may be contributed to the SEP or received by the employee in cash during the year.

Notwithstanding any limit in Article IIIB(1) or IIIC, an eligible employee who is 50 or older before the end of the calendar year can defer an additional amount of compensation during the year up to the catch-up elective deferral contribution limit (see *Section 402(g) Limit* below).

You must inform your employees how they may make, change, or terminate elective deferrals. You must also provide a form on which they may make their deferral elections. You may use the *Model Salary Reduction SEP Deferral Form* (elective form) on page 5, or a form that explains the information contained in this form in a way that is written to be understood by the average plan participant.

SEP Requirements

- Elective deferrals may not be based on more than $220,000 of compensation (this is the amount for 2006; for later years, it may be increased for cost-of-living adjustments).

Compensation, for purposes other than the $450 rule (see *Excludable Employees* above), is defined as wages under section 3401(a) for income tax withholding at the source but without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in section 3401(a)(2)). Compensation also includes earned income under section 401(c)(2). Compensation does not include any employer SEP contributions, including elective deferrals. Compensation, for purposes of the $450 rule, is the same, except it includes deferrals made to this SEP and any amount not includible in gross income under section 125 or section 132(f)(4).

- The maximum an employee may elect to defer under this SEP for a year is the smaller of 25% of the employee's compensation or the limitation under section 402(g), as explained below.

Note: The deferral limit is 25% of compensation (minus any employer SEP contributions, including elective deferrals). Compute this amount using the following formula: Compensation (before subtracting employer SEP contributions) × 20%.

- If you make nonelective contributions to this SEP for a calendar year, or maintain any other SEP to which contributions are made for that calendar year, then contributions to all such SEPs may not exceed the smaller of $44,000 (this is the amount for 2006; for later years, it may be increased for cost-of-living adjustments) or 25% of compensation for any employee.
- Catch-up elective deferral contributions (see *Section 402(g) Limit* below) are not subject to the 25% limit.

Section 402(g) Limit

Section 402(g) limits the maximum amount of compensation an employee may elect to defer under a SEP (and certain other arrangements) during the calendar year. This limit is $15,000 for 2006 and later years. After 2006, the $15,000 amount may be increased for cost-of-living adjustments. In the case of an eligible employee who is 50 or older before the end of the calendar year, an additional amount of compensation ("catch-up elective deferral contributions") may be deferred during the year. The limit on catch-up elective deferral contributions is $5,000 for 2006 and later years. After 2006, the $5,000 amount may be increased for cost-of-living adjustments.

Excess Elective Deferrals

Amounts deferred for a year in excess of the section 402(g) limit are considered "excess elective deferrals" and are subject to the rules described below.

The limit applies to the total elective deferrals the employee makes for the calendar year, from all employers, under the following arrangements:

- Salary reduction SEPs under section 408(k)(6);
- Cash or deferred arrangements under section 401(k);
- Salary reduction arrangements under section 403(b); and
- SIMPLE IRA Plans under section 408(p).

Thus, an employee may have excess elective deferrals even if the amount deferred under this SEP alone does not exceed the section 402(g) limit.

If an employee who elects to defer compensation under this SEP and any other SEP or arrangement has made excess elective deferrals for a calendar year, the employee must withdraw those deferrals by April 15 following the calendar year to which the deferrals relate. Deferrals not withdrawn by April 15 will be subject to the IRA contribution limits of sections 219 and 408 and may be considered excess contributions to the employee's IRA. For the employee, these excess elective deferrals are subject to a 6% tax on excess contributions under section 4973. Income on excess elective deferrals is includible in the employee's income in the year it is withdrawn from the IRA. The income must be withdrawn by April 15, following the calendar year for which the deferrals were made. If the income is withdrawn after that date and the recipient is not 59½ years of age, it may be subject to the 10% tax on early distributions under section 72(t).

Excess SEP Contributions—Deferral Percentage Limitation

The amount each of your "highly compensated employees" may contribute to a salary reduction SEP is also limited by the "deferral percentage limitation." This is based on the amount of money deferred, on average, by your nonhighly compensated employees. Deferrals made by a highly compensated employee that exceed this deferral percentage limitation for a calendar year are considered "excess SEP contributions" and must be removed from the employee's SEP-IRA, as discussed below, unless the following exception applies. Excess SEP contributions of a highly compensated employee who is 50 or older before the end of the calendar year do not have to be removed from the employee's SEP-IRA to the extent the amount of the excess SEP contributions is less than the catch-up elective deferral contribution limit (see *Section 402(g) Limit* above) reduced by any catch-up elective deferral contributions already made for the year.

The deferral percentage limitation for your highly compensated employees is computed by first averaging the "deferral percentages" (defined below) for the eligible nonhighly compensated employees for the year and then multiplying this result by 1.25.

Only elective deferrals are included in this computation. Nonelective SEP contributions may not be included. The determination of the deferral percentage for any employee is made under section 408(k)(6).

For purposes of this computation, the calculation of the number and identity of highly compensated employees, and their deferral percentages, is made on the basis of the entire "affiliated employer" (defined below).

A worksheet is provided on page 8 to assist in figuring the deferral percentage. You may want to photocopy it for yearly use.

The following definitions apply for purposes of computing the deferral percentage limitation under this SEP:

1. Deferral percentage is the ratio (expressed as a percentage to 2 decimal places) of an employee's elective deferrals for a calendar year to the employee's compensation for that year. For this purpose, an employee's elective deferrals does not include any catch-up elective deferral

contributions that exceed the limit in Article IIIB(1) or IIIC or the section 402(g) limit applicable to employees under 50. No more than $220,000 (this is the amount for 2006; for later years, it may be increased for cost-of-living adjustments) of compensation per individual is taken into account. The deferral percentage of an employee who is eligible to make an elective deferral, but who does not make a deferral during the year, is zero. If a highly compensated employee also makes elective deferrals under another salary reduction SEP maintained by the employer, then the deferral percentage of that highly compensated employee includes elective deferrals made under the other SEP.

2. Affiliated employer includes (a) any corporation that is a member of a controlled group of corporations, described in section 414(b) that includes the employer, (b) any trade or business that is under common control, defined in section 414(c) with the employer, (c) any organization that is a member of an affiliated service group, defined in section 414(m) that includes the employer, and (d) any other entity required to be aggregated with the employer under regulations under section 414(o).

3. A highly compensated employee is an individual described in section 414(q) who:

a. Was a 5% owner defined in section 416(i)(1)(B)(i) during the current or preceding year; or

b. For the preceding year had compensation in excess of $95,000 (if the preceding year was 2005, $100,000 if the preceding year was 2006) and was in the top-paid group (the top 20% of employees, by compensation). For later years, the amount may be increased for cost-of-living adjustments.

Excess SEP Contributions—Notification

You must notify each affected employee, if any, by March 15 of the amount of any excess SEP contributions made to that employee's SEP-IRA for the preceding calendar year and what amount must be withdrawn. If needed, use the model form on page 5 of these instructions. Excess SEP contributions that must be withdrawn are includible in the employee's gross income in the preceding calendar year. However, if these excess SEP contributions (not including allocable income) total less than $100, then the excess contributions that must be withdrawn are includible in the employee's gross income in the calendar year of notification. Income allocable to these excess SEP contributions is includible in gross income in the year of withdrawal from the IRA.

If you do not notify any of your employees by March 15 of an excess SEP contribution that must be withdrawn, you must pay a 10% tax on such excess SEP contribution for the preceding calendar year. The tax is reported in Part VIII of Form 5330. If you do not notify your employees by December 31 of the calendar year following the calendar year in which the excess SEP contributions arose, the SEP no longer will be treated as meeting the rules of section 408(k)(6). In this case, any contribution to an employee's IRA will be subject to the IRA contribution limits of sections 219 and 408 and thus may be considered an excess contribution to the employee's IRA.

Your notification to each affected employee of the excess SEP contributions must specifically state in a manner written to be understood by the average employee:

- The amount of the excess SEP contributions attributable to that employee's elective deferrals;
- The amount of these excess SEP contributions that must be withdrawn;
- The calendar year in which the excess SEP contributions that must be withdrawn are includible in gross income; and
- Information stating that the employee must withdraw the excess SEP contributions that must be withdrawn (and allocable income) from the SEP-IRA by April 15 following the calendar year of notification by the employer. Excess contributions not withdrawn by April 15 following the year of notification will be subject to the IRA contribution limits of sections 219 and 408 for the preceding calendar year and may be considered excess contributions to the employee's IRA. For the employee, the excess contributions may be subject to the 6% tax on excess contributions under section 4973. If income allocable to an excess SEP contribution is not withdrawn by April 15 following the calendar year of notification by the employer, the employee may be subject to the 10% tax on early distributions under section 72(t) when withdrawn.

For information on reporting excess SEP contributions that must be withdrawn, see Notice 87-77, 1987-2 C.B. 385, Notice 88-33, 1988-1 C.B. 513, Notice 89-32, 1989-1 C.B. 671, and Rev. Proc. 91-44, 1991-2 C.B. 733.

To avoid the complications caused by excess SEP contributions, you may want to monitor elective deferrals on a continuing basis throughout the calendar year to insure that the deferrals comply with the limits as they are paid into each employee's SEP-IRA.

Disallowed Deferrals

If you determine at the end of any calendar year that more than half of your eligible employees have chosen not to make elective deferrals for that year, then all elective deferrals made by your employees for that year will be considered disallowed deferrals, for example, IRA contributions that are not SEP-IRA contributions.

You must notify each affected employee by March 15 that the employee's deferrals for the previous calendar year are no longer considered SEP-IRA contributions. Such disallowed deferrals are includible in the employee's gross income in that preceding calendar year. Income allocable to the disallowed deferrals is includible in the employee's gross income in the year of withdrawal from the IRA.

Your notification to each affected employee of the disallowed deferrals must clearly state:

- The amount of the disallowed deferrals;
- The calendar year in which the disallowed deferrals and earnings are includible in gross income; and
- That the employee must withdraw the disallowed deferrals (and allocable income) from the IRA by April 15 following the calendar year of notification by the employer. Those disallowed deferrals not withdrawn by April 15 following the year of notification will be subject to the IRA contribution limits of sections 219 and 408 and thus may be considered an excess contribution to the employee's IRA. For the employee, these disallowed deferrals may be subject to the 6% tax on excess contributions under section 4973. If income allocable to a disallowed deferral is not withdrawn by April 15 following the calendar year of notification by the employer, the employee may be subject to the 10% tax on early distributions under section 72(t) when withdrawn.

Disallowed deferrals should be reported the same way excess SEP contributions are reported.

Restrictions on Withdrawals

Your highly compensated employees may not withdraw or transfer from their SEP-IRAs any SEP contributions (or income on these contributions) attributable to elective deferrals made for a particular calendar year until March 15 of the following year. Before that date, however, you may notify your employees when the deferral percentage limitation test has been completed for a particular calendar year and that this withdrawal restriction no longer applies. In general, any transfer or distribution made before March 15 of the following year (or notification, if sooner) will be includible in the employee's gross income and the employee may also be subject to a 10% tax on early withdrawal. This restriction does not apply to an employee's excess elective deferrals.

Top-Heavy Requirements

Elective deferrals may not be used to satisfy the minimum contribution requirement under section 416. In any year in which a key employee makes an elective deferral, this SEP is deemed top-heavy for purposes of section 416, and you are required to make a minimum top-heavy contribution under either this SEP or another SEP for each nonkey employee eligible to participate in this SEP.

A key employee under section 416(i)(1) is any employee who, at any time during the preceding year was:

- An officer of the employer with compensation greater than $140,000 (this is the amount for 2006; for later years, it may be increased for cost-of-living adjustments);
- A 5% owner of the employer, as defined in section 416(i)(1)(B)(i); or
- A 1% owner of the employer with compensation greater than $150,000.

Model Salary Reduction SEP Deferral Form

I. Salary reduction deferral

Subject to the requirements of the Model Salary Reduction SEP of _____ (name of employer) , I authorize the following amount or percentage to be withheld from each of my paychecks and contributed to my SEP-IRA:

(a) _____ % (not to exceed 25%) of my salary; or **(b)** $ _____ .

This salary reduction authorization shall remain in effect until I provide written modification or termination of its terms to my employer.

II. Amount of deferral

I understand that the total amount I defer in any calendar year may not exceed the smaller of:
(a) 25% of my compensation (determined without including any SEP-IRA contributions); or **(b)** the section 402(g) limit for the year.

III. Commencement of deferral

The deferral election specified in **I** above shall not become effective before _____ (Month, day, year) . Specify a date no earlier than the first day of the first pay period beginning after this authorization.

IV. Distributions from SEP-IRAs

I understand that I should not withdraw or transfer any amounts from my SEP-IRA that are attributable to elective deferrals and income on elective deferrals for a particular calendar year (except for excess elective deferrals) until March 15 of the subsequent year or, if sooner, when my employer notifies me that the deferral percentage limitation test for that plan year has been completed. Any such amounts that I withdraw or transfer before this time will be includible in income for purposes of sections 72(t) and 408(d)(1).

Signature of employee ► Date ►

Notification of Excess SEP Contributions

To: _____ (name of employee)

Our calculations indicate that the elective deferrals you made to your SEP-IRA for calendar year _____ exceed the maximum permissible limits under section 408(k)(6), and that $_____ must be withdrawn from your SEP-IRA.

These excess SEP contributions are includible in your gross income for the _____ (insert the year identified above, or if less than $100, the following year) calendar year.

These excess SEP contributions must be distributed from your SEP-IRA by April 15, 20_____ (insert year after the calendar year in which this notice is given) in order to avoid possible penalties. Income allocable to the excess amounts must be withdrawn at the same time and is includible in income in the year of withdrawal. Excess SEP contributions remaining in your SEP-IRA account after that time are subject to a 6% excise tax, and the income on these excess SEP contributions may be subject to a 10% penalty when finally withdrawn.

You made total excess contributions for the year of $ _____ . This amount may be different from the amount you have to withdraw if you have unused catch-up elective deferral contributions under this SEP for the year.

Signature of employer ► Date ►

Instructions for the Employee

The following instructions explain what a simplified employee pension (SEP) is, how contributions to a SEP are made, and how to treat these contributions for tax purposes. For more information, see the SEP agreement on pages 1 and 2 and the *Instructions for the Employer* beginning on page 2.

What Is A SEP?

A SEP is a written arrangement (a plan) that allows an employer to make contributions toward your retirement without becoming involved in more complex retirement plans. A SEP may include a salary reduction arrangement, like the one provided on this form. Under this arrangement, you can elect to have your employer contribute part of your pay to your own traditional individual retirement account or annuity (traditional IRA), set up by you or on your behalf with a bank, insurance company, or other qualified financial institution. The part contributed is tax deferred. Only the remaining part of your pay is currently taxable. This type of SEP is available only to an employer with 25 or fewer eligible employees.

The traditional IRA must be one for which the IRS has issued a favorable opinion letter or a model traditional IRA published by the IRS as Form 5305, Traditional Individual Retirement Trust Account, or Form 5305-A, Traditional Individual Retirement Custodial Account. It cannot be a SIMPLE IRA (an IRA designed to accept contributions made under a SIMPLE IRA Plan described in section 408(p)) or a Roth IRA.

Your employer must provide you with a copy of the SEP agreement containing eligibility requirements and a description of the basis upon which contributions may be made.

All amounts contributed to your IRA belong to you, even after you quit working for your employer.

Forms and Publications You May Use

An employee may use either of the two forms and the publications listed below.

- Form 5329, Additional Taxes on Qualified Plans (including IRAs) and Other Tax-Favored Accounts. Use Form 5329 to pay tax on excess contributions and/or tax on early distributions.
- Form 8606, Nondeductible IRAs. Use Form 8606 to report nondeductible IRA contributions.
- Pub. 590, Individual Retirement Arrangements (IRAs).
- Pub. 560, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans).

Elective Deferrals

Annual Limitation

The maximum amount that you may defer to a SEP for a calendar year is limited to the smaller of 25% of compensation or the section 402(g) limit. The 25% limit is reduced if your employer makes nonelective contributions on your behalf to this or another SEP for the year. In that case, the total contributions on your behalf to all such SEPs may not exceed the smaller of $44,000 (this is the amount for 2006; for later years, it may be increased for cost-of-living adjustments) or 25% of compensation.

Section 402(g) Limit

Section 402(g) limits the maximum amount of compensation you can defer in each calendar year to all salary reduction SEPs, SIMPLE IRA plans under section 408(p), section 403(b) salary reduction arrangements, and cash or deferred arrangements under section 401(k), regardless of the number of employers you may have worked for during the year. This limit is $15,000 for 2006 and later years. After 2006, the $15,000 amount may be increased for cost-of-living adjustments. If you are 50 or older before the end of the calendar year, you can defer an additional amount of compensation ("catch-up elective deferral contributions") during the year. The limit on catch-up elective deferral contributions is $5,000 for 2006 and later years. After 2006, the $5,000 amount may be increased for cost-of-living adjustments.

For a highly compensated employee, there may be a further limit on the amount you can defer. Figured by your employer and known as the deferral percentage limitation, it limits the percentage of pay that a highly compensated employee can elect to defer to a SEP-IRA. Your employer will notify any highly compensated employee who has exceeded the limitation.

Tax Treatment

Elective deferrals that do not exceed the limits discussed above are excluded from your gross income in the year of the deferral. They are not included as taxable wages on Form W-2, Wage and Tax Statement. However, elective deferrals are treated as wages for social security, Medicare, and unemployment (FUTA) tax purposes.

Excess Amounts

There are three situations which will result in excess amounts in a salary reduction SEP-IRA.

1. Making excess elective deferrals (for example, amounts in excess of the section 402(g) limit). You must determine whether you have exceeded the limit in the calendar year.

2. Highly compensated employees who make excess SEP contributions (for example, amounts in excess of the deferral percentage limitation referred to above). The employer must determine if an employee has made excess SEP contributions.

3. Having disallowed deferrals (for example, more than half of your employer's eligible employees choose not to make elective deferrals for a year). All elective deferrals made by employees for that year are considered disallowed deferrals, as discussed below. Your employer must also determine if there are disallowed deferrals.

Excess Elective Deferrals

Excess elective deferrals are includible in your gross income in the calendar year of deferral. Income earned on the excess elective deferrals is includible in the year of withdrawal from the IRA. You should withdraw excess elective deferrals and any allocable income by April 15 following the year to which the deferrals relate. These amounts may not be transferred or rolled over tax-free to another IRA.

If you do not withdraw excess elective deferrals and any allocable income by April 15, the excess elective deferrals will be subject to the IRA contribution limits of sections 219 and 408 and will be considered excess contributions to your IRA. Such excess deferrals are subject to a 6% excise tax for each year they remain in the SEP-IRA. The excise tax is reported in Part III of Form 5329.

Income earned on excess elective deferrals is includible in your gross income in the year you withdraw it from your IRA. The income should be withdrawn by April 15 following the calendar year in which the deferrals were made. If the income is withdrawn after that date and you are not 59½ years of age, it may be subject to the 10% tax on early distributions. Report the tax in Part I of Form 5329. Also see Pub. 590 for a discussion of exceptions to the age 59½ rule.

Excess SEP Contributions

If you are a highly compensated employee, you may have excess SEP contributions for a calendar year that may have to be withdrawn from your SEP-IRA. If you have excess SEP contributions that do not have to be withdrawn (because you had unused catch-up elective deferral contributions), the following rules on including the contributions in income, withdrawing the contributions, and penalties if you don't withdraw them do not apply to these excess SEP contributions. Your employer must notify you of any excess contributions, whether or not they must be withdrawn. This notification should show the amount of the excess SEP contributions, the amount that must be withdrawn, the calendar year to include any excess contributions in income, and the penalties that may be assessed if the contributions that must be withdrawn are not withdrawn from your IRA within the applicable time period.

Your employer must notify you of the excess SEP contributions by March 15 following the calendar year for which you made the excess SEP contributions. Generally, you include the excess SEP contributions in income for the calendar year in which you made the original deferrals. This may require you to file an amended individual income tax return. However, any excess SEP contribution less than $100 (not including allocable income) must be included in income in the calendar year of notification. Income earned on these excess contributions must be included in your gross income when you withdraw it from your IRA.

You must withdraw these excess SEP contributions (and allocable income) from your IRA. You may withdraw these amounts without penalty, until April 15 following the calendar year in which you were notified by your employer of the excess SEP contributions. Otherwise, the excess SEP contributions are subject to the IRA contribution limits of sections 219 and 408 and will be considered an excess contribution to your IRA. Thus, the excess SEP contributions are subject to a 6% excise tax reportable in Part III of Form 5329 for each year the contributions remain in your IRA.

If you do not withdraw the income earned on the excess SEP contributions by April 15 following the calendar year of notification by your employer, the income may be subject to

a 10% tax on early distributions if you are not 59½ years of age when you withdraw it. Report the tax in Part I of Form 5329. Also see Pub. 590.

If you have both **excess elective deferrals** and **excess SEP contributions,** the amount of excess elective deferrals that you withdraw by April 15 will reduce any excess SEP contributions that must be withdrawn for the corresponding calendar year.

Disallowed Deferrals

You are not required to make elective deferrals to a SEP-IRA. However, if more than 50% of your employer's eligible employees choose not to make elective deferrals in a calendar year, then no employee may participate for that calendar year. If you make elective deferrals during a year in which this happens, then your deferrals for that year will be "disallowed," and the deferrals will be treated as ordinary IRA contributions (which may be excess IRA contributions) rather than SEP-IRA contributions.

Disallowed deferrals and any income the deferrals have earned may be withdrawn, without penalty until April 15 following the calendar year in which you are notified of the disallowed deferrals. Amounts left in the IRA after that date will be subject to the same penalties discussed in *Excess SEP Contributions* above.

Income Allocable To Excess Amounts

The rules for determining and allocating income to excess elective deferrals, excess SEP contributions, and disallowed deferrals are the same as those governing regular IRA contributions. The trustee or custodian of your SEP-IRA will inform you of the income allocable to these amounts.

Additional Top-Heavy Contributions

If you are not a key employee, your employer must make an additional contribution to your SEP-IRA for a year in which the SEP is considered "top heavy." (Your employer can tell you if you are a key employee. Also, see *Top-Heavy Requirements* on page 4 for the definition of a key employee.) This additional contribution will not exceed 3% of your compensation. It may be less if your employer has already made a contribution to your SEP-IRA, and for certain other reasons.

IRA Contribution for SEP Participants

In addition to any SEP amounts, you may make regular IRA contributions to an IRA. However, the amount of your contribution that you may deduct on your income tax return is subject to various income limits. See Form 8606. Also, you may want to see Pub. 590.

SEP-IRA Amounts—Rollover or Transfer To Another IRA

If you are a highly compensated employee, you may not withdraw or transfer from your SEP-IRA any SEP contributions (or income on these contributions) attributable to elective deferrals made during the year until March 15 of the following year or, if sooner, at the time your employer notifies you that the deferral percentage limitation test (discussed under *Annual Limitation* on page 6) has been completed for that year. In general, any transfer or distribution made before this time is includible in your gross income and may also be subject to a 10% tax on early distribution. Report this tax in Part I of Form 5329. You may, however, remove excess elective deferrals from your SEP-IRA before this time but you may not roll over or transfer these deferrals to another IRA.

If the restrictions above do not apply, you may withdraw funds from your SEP-IRA and no more than 60 days later place those funds in the same or another IRA, but not in a SIMPLE 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 that 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.

You may not, however, roll over or transfer excess elective deferrals, excess SEP contributions, or disallowed deferrals from your SEP-IRA to another IRA. These amounts may be reduced only by a distribution to you.

Employer To Provide Information on SEP-IRAs and Form 5305A-SEP

Your employer must give you a copy of the following information:

1. A copy of a completed Form 5305A-SEP, the *Model Salary Reduction SEP Deferral Form* (used to defer amounts to the SEP), and, if applicable, a copy of the Notice of Excess SEP Contributions. Your employer should also provide you with a statement of any contributions made during the calendar year to your SEP-IRA. Highly compensated employees must also be notified at the time the deferral percentage limitation test is completed.

2. A statement that traditional IRAs other than SEP-IRAs receiving contributions under this SEP may have different rates of return and different terms (for example, transfers and withdrawals from the IRAs).

3. A statement that the administrator of an amended SEP must furnish to each participant within 30 days of the amendment, a copy of the amendment and an explanation of its effects.

4. A statement that the administrator must notify each participant in writing of any employer contributions to the SEP-IRA. The notification must be made by the later of January 31 following the year of the contribution or 30 days after the contribution is made.

Financial Institution 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 the IRA.

6. Financial disclosure that provides the following information.

a. Projects value growth rates of the IRA under various contribution and retirement schedules, or describes the method of computing and allocating annual earnings and charges that may be assessed.

b. Describes whether, and for what period, the growth projections are guaranteed, or a statement of earnings rate and the terms on which these projections are based.

c. States the sales commission to be charged in 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 and to report IRA distributions for tax purposes.

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	4 hr., 29 min.
Learning about the law or the form	5 hr., 1 min.
Preparing the form	58 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 for your records.

Deferral Percentage Limitation Worksheet (see instructions on page 3)

(a) Employee Name	**(b)** Status H = HCE* O = Other	**(c)** Compensation (see below)	**(d)** Deferrals (see below)	**(e)** Ratio (d) ÷ (c)	**(f)** Permitted ratio (for HCE* only, see below)	**(g)** Permitted amount (for HCE* only) (c) × (f)	**(h)** Excess (for HCE* only) (d) minus (g)
1							
2							
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*** Highly compensated employee.** See the definition on page 4.
Column (c). Compensation. Enter compensation from this employer and any related employers.
Column (d). Deferrals. Enter all SEP elective deferrals other than catch-up elective deferral contributions. See *Deferral percentage* on page 3.
Column (f). Permitted ratio.
Column (h). Excess. Amounts in this column may have to be withdrawn by the HCE. See instructions on page 3.

A Enter the total of the ratios in column (e) for the employees marked as "O" in column (b) _____

B Divide line A by the number of employees marked as "O" in column (b) _____

C Permitted ratio. Multiply line B by 1.25 and enter the permitted ratio here _____

SEP-IRA/ SARSEP-IRA Remittance Schedule

First Investors
Administrative Data Management Corp.
Attn. New Accounts Department
PO Box 7837, Edison, NJ 08818-7837

When the employer maintains both a SEP-IRA and SARSEP-IRA, two separate checks and schedules (one check and a Remittance Schedule for the SEP-IRA contributions and one check and a Remittance Schedule for the SARSEP-IRA contributions) are required when making contributions.

- For SEP-IRAs: A completed Form 5305-SEP must be on file with ADM.
- For SARSEP-IRAs: A completed Form 5305A-SEP, or if applicable, any other IRS approved form that was used to establish the SARSEP prior to 1997 must be on file with ADM.
- A SEP-IRA or SARSEP-IRA Application, whichever is applicable, must be on file with ADM for each participant named on the Remittance Schedule.
- Contributions must either be accompanied by a copy of this Remittance Schedule or another format providing the information requested below: Employer's name, Participant's name and social security number and amount of salary deferrals and employer contributions to be allocated to each participant.
- The Employer must send a check drawn on a U.S. bank made payable to First Investors Corporation.

Type of Account (check one): ☐ SEP-IRA ☐ SARSEP-IRA

Employer's Name (print) _____ Employer's Telephone Number _____

If an employee wishes to change his/her fund allocation, he/she can call Shareholder Services at 1 (800) 423-4026 or submit to ADM a signed letter of instruction. **Do Not Use This Schedule To Change Employee Investment Allocations.**

Name of Participant	Social Security Number	(SEP-IRAs ONLY) Amt of EMPLOYER Contribution	(SARSEP-IRAs ONLY) Amt of EMPLOYEE Contribution	Contribution For Tax Year
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	
		$	$	

Attach additional sheets, if needed.

Total Contribution Enclosed **$** _____ **$** _____

The Total Contribution should equal the sum of the Amount of Contribution column for all participants.

Corporate Headquarters:
First Investors Corporation
40 Wall Street, 10th Floor
New York, NY 10005

Transfer Agent:
Administrative Data Management Corp.
Raritan Plaza I, 8th Floor
Edison, NJ 08837-3620