



6995 S. UNION PARK CENTER, # 190
COTTONWOOD HEIGHTS, UT 84047
TELEPHONE – (877)252-1692
FAX – (801)676-1505
www.nationalpensions.com

ACTUARIES & BENEFIT CONSULTANTS
PERSONAL AND CONFIDENTIAL

Fully-Insured DB plans/ 412 (e)(3) Checklist and Agreement: Producer/Advisor

*A custom fully-insured defined benefit plan **may** consist actually of two plans; one a fully-insured Defined Benefit Plan, the other a Profit Sharing Plan. Usually a 401(k) plan is included and all are tested together to satisfy the requirements of ERISA.*

These are the steps to a typical plan installation.

- 1) **We require that the advisor have the NPP staff help with the presentation and sales process by setting up a go to meeting with the plan sponsor (client) and the Advisor/Producer to go over the plan and its benefits for the plan sponsor.**
- 2) **Then a second go to meeting with the sponsor's CPA. We encourage setting up a go to meeting with the Advisor/producer, the CPA and NPP to present and review the plan to the tax advisor.**
- 3) The design fees, signed engagement letter, are returned to NPP so that we can begin the final plan design work. NPP also will obtain the new plan EIN.
- 4) The NPP tax specialist obtains a new Employer Identification Number from the IRS (Form SS4) for both the fully insured defined benefit plan and the profit sharing/401(k) plan (assuming a new profit sharing plan). ***We need both numbers to complete the life insurance and annuity applications because the plans are owned by the plan trust and the plan trust is the beneficiary of the contracts.***
- 5) NPP returns the new plan EINs to the plan sponsor for DB and DC plan (as needed) **so that a separate bank account can be opened for each plan**. This makes tracking the deposits simpler for purposes of dealing with the IRS or DOL (Dept. of Labor).
- 6) NPP provides options for the 401(k) carrier to the Advisor / producer if needed.
- 7) NPP completes DB, Profit Sharing and 401(k) prototype documents for the client's signature. This document will be replaced by the custom document after the fully insured defined benefit plan is funded.
- 8) With the Advisor/Producer, the plan sponsor completes applications for life insurance and annuities and returns originals or copies as needed to NPP to be submitted to the insurance companies. The amount of insurance and annuities purchased is based on the Final Plan Design.

- 9) **The owner on the insurance apps will be the pension trust**, the applicant is also the pension, and the insured is the individual participant. **The plan trustee will sign as owner and applicant on all the applications.** We will have to provide the advisor the illustrations to go with the applications, ***(DON'T USE THEM WITH THE CLIENT. Only use the pension benefits illustration)*** so let us know when you plan to do the enrollments. Send the applications through NPP or your agency but **NPP will need copies of all applications on all plans.** National Pension Partners will provide you its producer numbers for the insurance company being used in the plans.

NPP should be on the life and annuity application for 25% if the plan has both in the plan. If it is an Annuity-only plan, NPP is on the application for 35%. **We do not receive any split on the 401(k) or Profit sharing plan.**

- 10) Plan Participants are then scheduled for medical exams this may be done by the advisor or NPP as the advisor wishes. Let us know if we are to order them.
- 11) The insurance company usually will want a Financial Inspection Report.
- 12) The Advisor/Producer collects the contribution checks when the policies are issued, and then completes any delivery requirements.
- 13) The legal document is prepared by NPP. A signed Corporate Resolution adopting the plan(s) for the fully-insured plan and any other plans (DB-DC Combo plans, etc.) is signed by the trustee and returned to the NPP staff attorneys. ***NPP must have the final insurance underwriting results and premiums before drafting the final legal documents.***
- 14) In some cases, IRS Form 5558 (Application for Extension of Time to File) is sent to IRS and plan sponsor.
- 15) NPP prepares form 5500 to be completed and sent to plan sponsor for signature and to file.
- 16) NPP staff completes Form PBGC-1 and sends the completed form to the plan sponsor to be filed with PBGC.
- 17) The sponsor will need to obtain a bond and the PPGC insurance as needed.

YEAR TWO

- 1) NPP bills the client for plan administration. This maybe paid Quarterly of in one payment. A Form 5500 is completed by NPP and must be filed for the previous year even though the contribution may not be made until the following year. In other words, if the plan sponsor establishes a plan in current year but does not fund the plan until the next year, the Form 5500 must be filed for current year even though there were no funds in the plan. This requires an administration fee for the current year. The client or plan sponsor will also be billed for administration for each year thereafter.
- 2) The invoice for plan administration will be accompanied by the plan data for gains and forfeitures. NPP will calculate the contributions needed for the DB/DC combination plans. The plan sponsor will receive the contribution recommendations for the plans after receipt of the plan data from sponsor.
- 3) The plan sponsor must purchase new life insurance or annuity contracts for any additional participants.

- 4) The plan sponsor **must make the contribution no later than the due date** (usually extended) **of the plan sponsor's tax return.**
- 5) NPP can prepare the Form 5558 (Application for Extension of Time to File) it will be sent to IRS and plan sponsor.
- 6) NPP will complete the Form 5500 and send it to the plan sponsor for signature and to file.
- 7) NPP will complete the Form PBGC-1 and send it to plan sponsor to be filed with PBGC.

Please note: In general, because of difficulties at times in obtaining information from the insurance companies Plan Sponsors and others, we obtain extensions for all Forms 5500. If the plan sponsor is not comfortable with obtaining an extension of time to file personal or business tax returns, we will make every attempt to meet the March or April deadline, for an additional fee. **Extensions do not increase audit risk.**

Confidential Information

The Advisor agrees that each shall hold such confidential information in strictest confidence, protect from public disclosure all confidential Information of the other party in its possession, and shall not copy reproduce, transfer, disclose, or make use there of other than for its internal use in the performance of this agreement or other agreements between parties.

Recipient will only disclose confidential information to its employees on a "need to know basis". employees who are in receipt of the confidential Information will be informed that the recipient is under the provisions of this agreement.

Any approved disclosure to a third party shall only be made if the third party agrees to treat such information as confidential and proprietary information.

Producer/Advisor Signature: _____ Date _____

Print the Producer/Advisor Name: _____

MUTUAL CONFIDENTIAL INFORMATION AGREEMENT

This CONFIDENTIAL INFORMATION AGREEMENT ("Agreement") is entered into by and among _____ (referred to herein as the "Company") and National Pension Partners ("NPP"). This Agreement shall be effective as of _____ ("Effective Date"). References herein to NPP shall include NPP and its subsidiaries and affiliates. References herein to Company shall include Company and its subsidiaries and affiliates.

WHEREAS, any part to this Agreement may disclose ("Discloser") certain valuable confidential and proprietary information to the other party ("Recipient"); and

WHEREAS, no party would disclose the Confidential Information, as hereinafter defined, without the assurance of confidential treatment by the other party; and

WHEREAS, each party is willing to undertake certain obligations in respect to Confidential Information received from another party.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained the parties hereby agree as follows:

1. "Confidential Information" shall mean all written or verbal information provided by the Discloser to the Recipient concerning the Discloser or its business, products or services that is not generally known to the public including, without limitation, information relating to the Discloser's business affairs, customers, vendors, media productions, sales presentations, trade secrets, prices, products, services, accounting marketing, finances, forms, methods, inventions, copyrights, research, developments, business systems and computer program, and any other information designated as such by a Discloser at the time of disclosure.

For purposes of this Agreement, "Confidential Information" does not include information that is:

- (a) Known to the Recipient before disclosure by the Discloser;
 - (b) Now, or hereafter becomes information within the public domain (through no fault of the Recipient);
 - (c) Independently developed by the Recipient;
 - (d) Rightfully received by the Recipient from third parties not subject to an obligation of confidence to the Discloser;
 - (e) Released of which is approved by the Discloser in writing;
 - (f) Required to be disclosed by judicial or governmental action, provided prompt notice is given to the other party regarding the judicial or governmental action.
2. Each party agrees that each shall hold such Confidential information in strictest confidence, protect from public disclosure all Confidential Information of the other party in its possession, and shall not copy reproduce, transfer, disclose, or make use there of other than for its internal use in the performance of this Agreement or other agreements between parties.
 3. Recipient will only disclose confidential information to its employees on a "need to know basis". Employees who are in receipt of the Confidential Information will be informed that the Recipient is under the provisions of this Agreement.
 4. Any approved disclosure to a third party shall only be made if the third party agrees to treat such information as confidential and proprietary information.
 5. Either party may terminate this Agreement at any time upon providing written notice to the other party. Upon completion or other termination of this Agreement for any reason, each recipient further agrees that upon conclusion of business, each Recipient will immediately deliver to the Discloser all the materials and things embodying any of the Confidential Information and the Recipient shall not retain any copies or reproductions thereof nor shall the Recipient dispose of any such materials and things or copies or reproductions thereof to any third party. In lieu of the return of such information, the parties may agree, in writing, to allow for the prompt destruction of the Confidential Information materials.
 6. The obligations that are undertaken by this agreement shall be binding on each Recipient and its agents, officers and employees and, notwithstanding Section 5, above, shall survive the termination or completion of any evaluation, discussion or transaction arising out of or resulting from the Confidential Information disclosed hereunder. Neither party shall assign or

transfer any of its rights or obligations hereunder without the prior written consent of the other party.

7. Each party hereby acknowledges and agrees that in the event of any breach of this Agreement by a Recipient, including without limitation the actual or threatened disclosure of Confidential Information without the express prior written consent of the Discloser, the Discloser will suffer irreparable harm and injury and no remedy at law will afford it adequate protection against, or appropriate compensation for, such injury. Accordingly, each party hereby agrees that in any such event the Discloser shall be entitled to specific performance of the terms of this Agreement, as well as such further injunctive relief and damages as may be granted by a court of competent jurisdiction.
8. This Agreement may not be changed or terminated orally or in any manner other than by an agreement in writing signed by an authorized representative of the party against whom enforcement of the change or termination is sought.
9. This Agreement will be governed by, and construed in accordance with, the laws of the State of Florida
10. Recipient agrees to indemnify, defend and hold harmless Discloser from and against any and all claims, actions, damages, liabilities, costs and expenses, including reasonable attorney's fees and expenses arising from or related to any third party action, suit or claim arising from the breach of the covenants or restrictions set forth herein, including but not limited to the disclosure of Confidential Information to unauthorized parties.
11. EACH PARTY ACKNOWLEDGES THAT IT HAS READ THIS AGREEMENT, UNDERSTANDS IT, AND AGREES TO BE BOUND BY ITS TERMS AND FURTHER AGREES THAT IT IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN THE PARTIES REGARDING CONFIDENTIAL INFORMATION.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on their behalf by their respective duly authorized officers or representative as of the date(s) shown below.

By: National Pension Partners By: _____

Producer/Advisor Signature: _____ Date _____

Print the Producer/Advisor Name: _____