



Instructions for Completing the Schwab Individual 401(k) Plan Adoption Agreement

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Getting Started

The Schwab Individual 401(k) Plan is designed specifically for Self-Employed Individuals; owner-only businesses or owner-spouse businesses, including sole proprietors; C corporations; S corporations; partnerships; and limited-liability corporations.

These instructions are designed to help you, the Adopting Employer, along with your attorney and/or tax advisor, complete the Adoption Agreement for the Schwab Individual 401(k) Plan. The instructions are to be used only as a general guide and are not intended as a substitute for qualified legal and tax advice. We recommend that you obtain the advice of your legal or tax advisor before you sign the Adoption Agreement. The words and phrases that are capitalized are defined terms that may be found in the Basic Plan Document.

Completing the Adoption Agreement

If you fail to select an option or complete an election for an elective provision, default provisions will apply. Each applicable default is detailed below each option or election on the Adoption Agreement. Certain options are prechecked based on the Schwab Individual 401(k) Plan features.

Employer Information

Fill in the requested information.

The Name of the Adopting Employer is the business (the "Employer") that sponsors the Plan.

The Adopting Employer's Federal Tax Identification Number is the tax identification number assigned to your business. Do not use your Social Security Number. If your business does not have a Federal Tax Identification Number, you or your tax advisor may obtain one immediately online or by telephone; the instructions for IRS Form SS-4 (available on the IRS website at www.irs.gov) explain how to proceed.

Plan Information

Fill in the requested information.

The three-digit Plan Sequence Number is used to identify your Plan in annual reporting to the IRS. Your business determines the number, beginning with 001 for the first Plan the business established. For example, if this is the fourth Plan your business maintains or has maintained, the Plan Sequence Number would be 004.

Fill in the Plan Identification Number (if applicable). This is the tax identification number assigned to your Individual 401(k) Plan for reporting purposes. Do not use your Social Security Number or the tax identification number assigned to your business. If your Plan does not have a Plan Identification Number, you or your tax advisor may obtain one immediately online or by telephone; the instructions for IRS Form SS-4 (available on the IRS website at www.irs.gov) explain how to proceed.

If the Adopting Employer will not be responsible for administering the Plan, the Plan Administrator is the individual who will be responsible for administering the Plan for the Adopting Employer, unless another person is designated by the Adopting Employer as Trustee in the Adoption Agreement.

Section One. Effective Dates

This is a restatement of your existing Individual 401(k) Plan.

Part B. Existing Plan Amendment or Restatement Date

Fill in the requested information. The existing qualified plan to be replaced is called a "Prior Plan." You will need to know the Effective Date of the Prior Plan. The best way to determine its Effective Date is to refer to the Prior Plan Adoption Agreement.

The amendment or restatement Effective Date is generally the first day of the Plan Year in which this Adoption Agreement is signed.

Section Two. Eligibility

Part A. Age and Years of Eligibility Service

Age Requirement

Fill in the age that an Employee must attain (no more than 21) to be eligible to receive Employer Profit Sharing Contributions and to make Elective Deferrals.

Eligibility Service Requirement

Fill in one option to indicate the service requirement that an Employee must complete to be eligible to receive Employer Profit Sharing Contributions and to be eligible to make Elective Deferrals.

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Section Two. Eligibility (Continued)**Part B. Employees Employed as of Specified Date**

This provision only applies to an initial adoption of a Plan as defined in Section One, Part A of the Adoption Agreement.

The age and service requirements may be waived for those Employees who are employed as of the Effective Date of this Plan. If the eligibility requirements are waived, then only those Employees hired after the original Effective Date will have to meet the eligibility requirements as defined in Part A in this section of the Adoption Agreement.

Section Three. Contributions

Pre-tax Elective Deferrals are permitted under this Plan. Roth Elective Deferrals are not permitted under this Plan.

Section Four. Vesting and Forfeitures

There are no elections required for Section Four.

Section Five. Distributions and Loans**Loans**

Loans are not permitted under this Plan.

Section Six. Definitions

There are no elections required for Section Six.

Section Seven. Miscellaneous**Life Insurance**

Life insurance investments are not permitted investments under this Plan.

Section Eight. Trustee and Custodian**Part A. Trustee**

Appointing a Trustee is optional if the Plan covers only one or more Self-Employed Individuals or satisfies another exception under ERISA. If you appoint a Trustee, this Plan only permits an Individual Directed Trustee, and the trust provisions in Plan Section Eight will apply.

Part B. Custodian

Charles Schwab & Co., Inc. will be acting as Custodian for the Plan, and the custodial provisions in Plan Section Eight will apply to this Plan.

Section Nine. Employer Signature**Prototype Document Sponsor**

Charles Schwab & Co., Inc. is the entity that makes this prototype plan available to employers for adoption.

Attachments: In rare cases in which the Adopting Employer also maintains (or has maintained) another qualified plan, an attachment is required to coordinate the plans' compliance with contribution limits or top-heavy plan requirements. Consult your tax advisor if you think you may be in this situation.

Authorized Employer Signature

An authorized representative of the Employer must sign and date the Adoption Agreement.

Note: For most qualified retirement plans, an IRS favorable opinion letter is the only IRS approval letter needed. Under certain circumstances, the IRS opinion letter covering this Plan may not apply. If you wish to obtain assurance that this Plan meets the requirements for qualification under the tax laws and regulations, this can be done by requesting an additional approval letter called an IRS determination letter from the Employee Plans Determinations Office of the IRS. Your attorney or tax advisor can help you obtain an additional IRS determination letter if your plan will require this type of approval.

Action Required

After you complete all elective sections of this Adoption Agreement, sign and date it in Section Nine. Then, make a photocopy and return it to us. Retain the original in your Individual 401(k) Plan files.



Schwab Individual 401(k) Plan Adoption Agreement

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Employer Information

Name of Adopting Employer			
Address			
City			State Zip
Telephone		Adopting Employer's Federal Tax Identification Number	
Adopting Employer's Tax Year End (specify month and day)			
Type of Business (select one) <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Other (specify a legal entity recognized under federal income tax laws): _____			
Name of Plan			
Plan Sequence Number	Trust Identification Number (if applicable)	Account Number	

Related Employers – If the Adopting Employer is part of a controlled group of corporations (as defined in Code section 414(b) as modified by Code section 415(h)), a group of commonly controlled trades or businesses (as defined in Code section 414(c) as modified by Code section 415(h)) or an affiliated service group (as defined in Code section 414(m)) of which the Adopting Employer is a part, or any other entity required to be aggregated with the Adopting Employer pursuant to Code section 414(o), then all Related Employers of the Adopting Employer will participate in this Plan.

Section One. Effective Dates Complete Part A or B

Part A. ☐ New Plan Effective Date

This is the initial adoption of a 401(k) profit sharing plan by the Adopting Employer.

The Effective Date of this Plan is _____. (Must be on or after January 1, 2007.)
(mm/dd/yyyy)

If different from the Effective Date above, Elective Deferrals can be made under this Plan effective (select one):

Option 1: ☐ The next payroll date coinciding with or following the later of the date this Adoption Agreement is signed or the Effective Date.

Option 2: ☐ _____ (Must be on or after the later of the date this Adoption Agreement is signed or the Effective Date.)

Note: If no option is selected, Option 1 will apply.

Note: The Effective Date is usually the first day of the Plan Year in which this Adoption Agreement is signed and may not be earlier than such date.

Part B. ☐ Existing Plan Amendment or Restatement Date

This is an amendment or restatement of an existing qualified plan.

The Initial Plan Document was effective on _____.
(mm/dd/yyyy)

☐ This Plan is a frozen Plan effective on _____.
(mm/dd/yyyy)

If this Plan is a frozen Plan, no Employer Contributions may be made to the Plan with respect to Compensation earned on or after the Effective Date that the Plan is frozen. In addition, no additional contributions (e.g., rollover, transfer) may be accepted by the Plan on or after the date that the Plan is frozen. Depending on the facts and circumstances surrounding the freezing of the Plan, other Plan provisions may be affected (e.g., availability of loans.)

The Effective Date of this amendment or restatement is _____. (Must be on or after January 1, 2007.)
(mm/dd/yyyy)

Note: Specifying an amendment or restatement Effective Date as any day other than the first day of the Plan Year following the Plan Year in which this Adoption Agreement is signed may result in a reduction or elimination of accrued benefits, violating Code section 411(d)(6).

Notwithstanding the foregoing, Effective Dates for certain items (e.g., PPA and other legislative and regulatory guidance) are governed by the terms specified in the Basic Plan Document.



Section Two. Eligibility Complete Parts A and B**Part A. Age and Eligibility Service**

1. Age Requirement. An Employee will be eligible to become a Participant in the Plan for purposes of becoming a Contributing Participant (and thus eligible to make Elective Deferrals) or receiving an allocation of any Employer Profit Sharing Contribution, as applicable, made pursuant to Section Three of the Adoption Agreement, after attaining the following age _____ (not more than 21).

Note: If no age is specified, there will be no age requirement.

2. Eligibility Service Requirement. An Employee will be eligible to become a Participant in the Plan for purposes of becoming a Contributing Participant (and thus eligible to make Elective Deferrals) or receiving an allocation of any Employer Profit Sharing Contribution, as applicable, made pursuant to Section Three of the Adoption Agreement (select one):

Option 1: ☐ No eligibility service required.

Option 2: ☐ After completing _____ consecutive Months of Eligibility Service (not more than 12) beginning on the Employee's date of hire.

Option 3: ☐ After completing _____ Years of Eligibility Service (enter 0 or 1).

Note: If no option is selected, Option 1 will apply.

Part B. Employees Employed as of a Specified Date

Will an Employee (other than an Employee who is part of an excluded class of Employees) employed on _____ (specify a month, day, and year) who has not otherwise met the age and eligibility service requirements be considered to have met those requirements and be eligible to become a Participant in the Plan for purposes of becoming a Contributing Participant (and thus eligible to make Elective Deferrals) or receiving an allocation of any Employer Profit Sharing Contributions, as applicable, made pursuant to Section Three of the Adoption Agreement (select one)?

Option 1: ☐ Yes.

Option 2: ☐ No.

Note: If no option is selected, Option 2 will apply. If Option 1 is selected but no date is specified, no additional age and eligibility service waivers will apply. This age and eligibility service waiver may be used either when this Plan is adopted or when the Plan is subsequently amended (e.g., to add one or more types of contributions, to add a previously excluded group of Employees).

Section Three. Contributions Complete Part A**Part A. Elective Deferrals****Authorization of Elective Deferrals**

Will Elective Deferrals be permitted under this Plan (select one)?

Option 1: ☐ Yes. (Complete the following.)

Will Roth Elective Deferrals be permitted under this Plan in addition to Pre-Tax Elective Deferrals?

Suboption (a): ☐ Yes.

Suboption (b): ☒ No.

Note: If no suboption is selected, Suboption (a) will apply.

Option 2: ☐ No.

Note: If no option is selected, Option 1 will apply. A Contributing Participant's combined Pre-Tax and Roth Elective Deferrals during their taxable year will not exceed the limit contained in Code section 402(g) in effect at the beginning of such taxable year.

Part B. Employer Profit Sharing Contributions

Employer Profit Sharing Contributions, if any, will be allocated to all Qualifying Participants pursuant to the pro rata allocation formula described in Plan Section 3.04(B)(1).

Section Four. Vesting and Forfeitures There are no elections required for Section Four.

There are no elections required for Section 4. Refer to the Basic Plan Document for information regarding this Section.

Section Five. Distributions and Loans There are no elections required for Section Five.**Loans**

Loans are not permitted under this Plan.

Section Six. Definitions There are no elections required for Section Six.

There are no elections required for Section 6. Refer to the Basic Plan Document for information regarding this Section.

Section Seven. Miscellaneous There are no elections required for Section Seven.**Life Insurance**

Life insurance investments are not permitted under this Plan.

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Section Eight. Trustee and Custodian Complete Parts A and B (as applicable)**Part A. Trustee****1. Trustee Appointment** (Optional)

The Plan may appoint an Individual Trustee.

a. Type of Trustee

The Trustee of this Plan will be a Directed Trustee.

b. Trustee Signature

Note: If you are an individual Trustee you will also be deemed to be a Limited Trustee.

Name of Trustee			
Address	City	State	Zip
Telephone			

Signature and Date Required**X**

Signature

Title

Name (type or print name if different from name of Trustee above)

2. Trust Agreement

If a Trustee is designated in Part A, item 1 above, the Trust provisions contained in Plan Section Eight will apply to the Plan.

Part B. Custodian (Both a Custodian and Trustee may be appointed for the Plan.)**1. Custodian Appointment**

Name of Custodian Charles Schwab & Co., Inc.			
Address 211 Main Street	City San Francisco	State CA	Zip 94105
Telephone 1-800-435-4000			

2. Custodial Agreement

The Custodial provisions contained in Plan Section Eight will apply to the Plan.

Section Nine. Employer Signature**Prototype Document Sponsor**

Name of Prototype Document Sponsor Charles Schwab & Co., Inc.			
Address 211 Main Street	City San Francisco	State CA	Zip 94105
Telephone 1-800-435-4000			

Check the applicable box if there is an attachment(s) that applies to this Plan other than a separate trust or custodial agreement.

☐ Protected Benefits and Prior Plan Document Provisions Attachment.

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Section Nine. Employer Signature (Continued)**Authorized Employer Signature**

I am an authorized representative of the Adopting Employer named above and I state the following:

1. I acknowledge that I have relied upon my own advisors regarding the completion of this Adoption Agreement and the legal tax implications of adopting this Plan;
2. I understand that my failure to properly complete this Adoption Agreement may result in disqualification of the Plan;
3. I understand that the Prototype Document Sponsor will inform me of any amendments made to the Plan and will notify me should it discontinue or abandon the Plan; and
4. I have received a copy of this Adoption Agreement, the corresponding Basic Plan Document and, if applicable, any separate trust or custodial agreement used in lieu of the trust or custodial agreement contained in the Basic Plan Document.

Signature and Date Required**X**

Signature of Adopting Employer

Date Signed

Type Name

Title

Note: The Adopting Employer may rely on an opinion letter issued by the Internal Revenue Service as evidence that the Plan is qualified under Code section 401 except to the extent provided in Revenue Procedure 2011-49. An Employer who has ever maintained or who later adopts any plan (including a welfare benefit fund, as defined in Code section 419(e), which provides post-retirement medical benefits allocated to separate accounts for key employees, as defined in Code section 419A(d)(3), or an individual medical account, as defined in Code section 415(l)(2) in addition to this Plan may not rely on the opinion letter issued by the Internal Revenue Service with respect to the requirements of Code sections 415 and 416.

If the Employer who adopts or maintains multiple plans wishes to obtain reliance with respect to the requirements of Code sections 415 and 416, application for a determination letter must be made to Employee Plans Determinations of the Internal Revenue Service. The Employer may not rely on the opinion letter in certain other circumstances, which are specified in the opinion letter issued with respect to the Plan or in Revenue Procedure 2011-49. This Adoption Agreement may be used only in conjunction with Basic Plan Document #04.

Protected Benefits And Prior Plan Document Provisions Attachment

This attachment may be used by an Adopting Employer to document protected benefits and other Prior Plan Document provisions that apply to some or all of the assets of the Adopting Employer's Plan.

Adopting Employer Plan Information

Name of Adopting Employer		
Name of Plan		
Plan Sequence Number	Trust Identification Number (if applicable)	Account Number

Protected Benefits And Prior Plan Document Provisions**Provision 1:**

Source of Provision (e.g., plan name and sequence number, good faith amendment):



Protected Benefits And Prior Plan Document Provisions (Continued)

Provision 2:

Source of Provision (e.g., plan name and sequence number, good faith amendment):

Provision 3:

Source of Provision (e.g., plan name and sequence number, good faith amendment):

