B. The maximum limit on the amount of compensation an employee may elect to defer under a SIMPLE for a year is the lesser of the percentage of compensation indicated in the Deferral Form (which cannot exceed 100%) or "the applicable annual dollar limitation" described below:

Tax Year	Contribution Limit
2001	$ 6,500
2002	$ 7,000
2003	$ 8,000
2004	$ 9,000
2005	$10,000
2006	$10,000
2007	$10,500
2008	$10,500
2009 -2012	$11,500
2013 -2014	$12,000
2015 -2018	$12,500
2019	$13,000
2020	$13,500

The maximum amount will be adjusted for cost-of-living increases in multiples of $500.

C. Employees who attain age 50 or over by the end of a calendar year can elect to have his or her Compensation reduced by an additional amount listed below. The maximum additional age-50 catch-up amount will be adjusted for cost-of-living increases in multiples of $500.

Tax Year	Catch-Up Limit
2002	$500
2003	$1,000
2004	$1,500
2005	$2,000
2006	$2,500
2007	$2,500
2008	$2,500
2009	$2,500
2010	$2,500
2011	$2,500
2012	$2,500
2013	$2,500
2014	$2,500
2015	$3,000
2016 -2020	$3,000

D. You are generally required to match each employee's elective deferrals on a dollar for dollar basis up to 3% of compensation, not to exceed "the applicable annual dollar limitation". However, you may elect to reduce the 3% of compensation match (but not less than 1%), as long as such election will not result in less than a 3% Match in more than 2 years of the 5 year period ending with the current year.

E. In lieu of an Employer Matching Contribution, you may contribute a 2% of Compensation Nonelective Contribution on behalf of all Eligible Employees. This is the only contribution under the SIMPLE plan where each employee's compensation is limited to $200,000 adjusted for the cost of living. The compensation limit is:

$220,000 for 2006
$225,000 for 2007
$230,000 for 2008
$245,000 for 2009
$245,000 for 2010-2011
$250,000 for 2012
$255,000 for 2013
$260,000 for 2014
$265,000 for 2015-2016
$270,000 for 2017
$275,000 for 2018
$280,000 for 2019
$285,000 for 2020

F. Matching and Nonelective contributions cannot be made during the same plan year. You must indicate under which contribution formula you are making contributions and must communicate your election to your employees by providing a Notice within a reasonable period before the election period as specified in Article 5.06 of the Plan.

G. Failure to provide the required employee notices or the Summary Description will result in a $50 per day penalty.

H. All contributions made to an Employee's SIMPLE IRA are immediately 100% vested.

I. You are responsible for delivering all contributions under this SIMPLE Plan directly to the trustee or custodian of your employee's

SIMPLE IRA. Salary deferral contributions are required to be deposited into the employee's SIMPLE IRA on a date that is as soon as you can reasonably segregate them from your general assets, but absolutely no later than 30 calendar days following the month that the deferral contributions were withheld from your employee's pay. Failure to make these deposits on a timely basis could result in your entire SIMPLE Plan being disqualified, as well as civil or criminal penalties under ERISA. These rules also apply in the case of self-employed individuals. Thus, the latest day for the deposit of salary reduction contributions made on behalf of a self-employed individual for a calendar year is 30 days after the end of such year, which is January 30th. In order to meet the "as soon as you can reasonably segregate" standard, the DOL regulations provide for a 7-business day deadline for depositing the employee's salary deferral into their account.

VII. Excess Elective Deferrals

The law limits the maximum amount of compensation an employee may elect to defer under a SIMPLE (and certain other arrangements) during the calendar year. This deferral limit under the SIMPLE is indexed according to the cost of living. In addition, the limit may be increased if the employee makes elective deferrals to a salary reduction arrangement under section 403(b) of the Code, or a 401(k) plan maintained by another Employer. Amounts deferred for a year in excess of this limit are considered "excess elective deferrals" and are subject to the consequences described below.

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

A. SIMPLE Retirement Plans under section 408(p) of the Code;
B. Elective SEPs under section 408(k)(6) of the Code;
C. Cash or deferred arrangements under section 401(k) of the Code; and
D. Salary reduction arrangements under section 403(b) of the Code.

Thus, an employee may have excess elective deferrals even if the amount deferred under this SIMPLE plan alone does not exceed the deferral limit. If an employee who elects to defer compensation under this SIMPLE Plan has made excess elective deferrals for a calendar year, he or she must include such excess elective deferrals in income in the year to which the deferrals relate and must also withdraw those excess elective deferrals by April 15 following the calendar year to which the deferrals relate.

VIII. Nondeductible Employer Contributions - Tax Consequences

If you contribute more than you can deduct, you are liable for an excise tax of 10% on the amount of the Nondeductible Employer Contribution under section 4972 of the Code. Nondeductible Employer Contributions may occur when you contribute too much (more than a 3% of compensation match, or more than a 2% of compensation nonelective contribution).

IX. Restrictions on Withdrawals

Your employees may roll over or transfer only to another trustee or custodian of a SIMPLE IRA any SIMPLE contributions (or income on these contributions) made during a particular plan year within the 2 year period the employee first participated in the SIMPLE Plan. After such 2 year period, the employee may roll over or transfer amounts in the SIMPLE IRA into any other IRA. If the Adoption Agreement indicates that all initial SIMPLE contributions will be made to a single designated Trustee or Custodian, an Employee must be permitted to move that SIMPLE IRA without cost or penalty to another SIMPLE IRA or, if after the 2 year period, to any other IRA.

If your employees withdraw amounts from their SIMPLE IRA during the 2 year period beginning on the date such employee first participated in the SIMPLE Plan, the distribution will be includible in the employee's gross income and may also be subject to a 25% additional income tax as described in section 72(t)(6) of the Code.

X. For More Information

To obtain more information concerning the rules governing this SIMPLE Retirement Plan, please contact the Sponsoring Organization, whose name, address and phone number appear in the Prototype SIMPLE Retirement Plan Adoption Agreement. IRS Publication 560 also contains more information regarding SIMPLE plans.