

# Savings Incentive Match Plan for Employees of Small Employers (SIMPLE)— for Use With a Designated Financial Institution

Don Selvy Enterprises, Inc.

Name of Employer

establishes the following SIMPLE

IRA plan under section 408(p) of the Internal Revenue Code and pursuant to the instructions contained in this form.

**Article I—Employee Eligibility Requirements** (complete applicable box(es) and blanks—see instructions)

- 1 General Eligibility Requirements.** The Employer agrees to permit salary reduction contributions to be made in each calendar year to the SIMPLE 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 semi-annually. 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.
- 2a Matching Contributions**
- (i)** For each calendar year, the Employer will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year.
- (ii)** The Employer may reduce the 3% limit for the calendar year in (i) only if:
- (1)** The limit is not reduced below 1%; **(2)** The limit is not reduced for more than 2 calendar years during the 5-year period ending with the calendar year the reduction is effective; and **(3)** Each employee is notified of the reduced limit within a reasonable period of time before the employees' 60-day election period for the calendar year (described in Article II, item 2a).
- b Nonelective Contributions**
- (i)** For any calendar year, instead of making matching contributions, the Employer may make nonelective contributions equal to 2% of compensation for the calendar year to the SIMPLE IRA of each eligible employee who has at least \$ 2,000.00 (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 website at [IRS.gov](http://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...
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...
4 No Cost Or Penalty For Transfers. The Employer will not impose any cost or penalty on a participant...
5 Amendments To This SIMPLE IRA Plan. This SIMPLE IRA plan may not be amended except to modify the entries...
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...
b If an individual withdraws an amount from a SIMPLE IRA during the 2-year period beginning when the individual first participated...

Article V - Definitions

- 1 Compensation
a General Definition of Compensation. Compensation means the sum of wages, tips, and other compensation from the Employer subject to federal income tax withholding...
b Compensation for Self-Employed Individuals. For self-employed individuals, compensation means the net earnings from self-employment...
2 Employee. Employee means a common-law employee of the Employer. The term employee also includes a self-employed individual and a leased employee...
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...

Article VI - Procedures for Withdrawals and Transfers (The designated financial institution will provide the instructions to be attached or inserted in the space below) on the procedures for withdrawals of contributions by employees.)

Article VII - Effective Date

This SIMPLE IRA plan is effective March 27, 1998

See instructions.

Don Selvy Enterprises, Inc.

Name of Employer

103 West Riding Drive, Bel Air, MD 21014

Address of Employer

Handwritten signature of Donald S. Selvy, President, dated 9/14/12

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, 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.

T Rowe Price Trust Company
Name of designated financial institution

PO Box 8300
Baltimore MD 21289
Address

Handwritten signature of Regina H. Watson, dated 9/13/12