



We're delighted you have chosen to open an Ethical Wrap Account with us!
Please complete the attached applications and mail to us at:

Azzad Asset Management, Inc.
Attn: Operations
3141 Fairview Park Dr. Ste 460
Falls Church, VA 22042

All checks should be made payable to: **Foliofn Investments**

Please note:

This application must be accompanied by the Azzad Investment Advisory Agreement. To obtain this form, you must call us at 888-862-9923.

Please refer to the second page, section 4 on the New Account Form for a complete listing of the account types that we currently have available. To open a corporate retirement plan such as a 401k, defined benefit or profit sharing plan, please download the **Employer Sponsored Retirement Plan link under forms**. If you do not see the account type you are interested in, please call us.

If you need assistance completing the applications, please contact us at 888-862-9923.

Thank you!

Azzad Asset Management Operations Team



AZZAD Ethical Wrap Account (EWA) **New Account Form**

Please mail your completed application AND a copy of your driver's license to:
Azzad Asset Management, Inc. Attention: Operations 3141 Fairview Park Dr. Ste 460 Falls Church, VA 22042.
If you need assistance completing this application or have any questions, please call us at 703-207-7005 x100.

1. Advisor Information (To be completed by investment advisor representative)

Advisor Name (First, Last)	Firm Name (If different than Wrap Sponsor)	Telephone Number
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2. Primary Account Owner Information

This section must be completed in full in order for this application to be processed. Any missing information may delay the processing of your account.

Legal Name (First, Middle and Last)	Social Security Number	Birth Date
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Home Address (No P.O. BOXES ALLOWED)	Apt, Floor, Room No.	City	State	Zip Code
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Mailing Address (P.O. BOXES ALLOWED)	Apt, Floor, Room No.	City	State	Zip Code
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Home Phone	Work Phone	Email Address (For Sending Statements, Saves you Money)
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Citizenship Status: U.S. Citizen Resident Alien Non-Resident Alien

Marital Status: Married Single If Married, Spouse Name: _____ Number of Dependents: _____

Employer's Name	Employer's Address
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Are you Self-Employed? Yes No Occupation: _____ Years Employed: _____

Approximate Annual Income: \$ _____ Approximate Net Worth: \$ _____

Is the Client or Spouse Employed by, or related to an employee of, any financial institution?
 YES NO If yes, which institution? _____ (Additional Paperwork may be Needed)

Is Client now or has Client ever been a corporate officer or owner of 10% of any Corporation's Securities?
 YES NO If yes, which institution? _____ (Additional Paperwork may be Needed)

3. Joint Account Owner Information (if applicable)

Legal Name (First, Middle and Last)	Social Security Number	Birth Date
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Home Address (No P.O. BOXES ALLOWED)	Apt, Floor, Room No.	City	State	Zip Code
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Mailing Address (P.O. BOXES ALLOWED)	Apt, Floor, Room No.	City	State	Zip Code
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Joint Account Owner Information, cont'd (if applicable)

Home Phone _____ Work Phone _____ Email Address (For Sending Statements, Saves you Money) _____

Citizenship Status: U.S. Citizen Resident Alien Non-Resident Alien

Marital Status: Married Single If Married, Spouse Name: _____ Number of Dependents: _____

Employer's Name _____ Employer's Address _____

Are you Self-Employed? Yes No Occupation: _____ Years Employed: _____

Approximate Annual Income: \$ _____ Approximate Net Worth: \$ _____

Is the Client or Spouse Employed by, or related to an employee of, any financial institution?

YES NO If yes, which institution? _____ (Additional Paperwork may be Needed)

Is Client now or has Client ever been a corporate officer or owner of 10% of any Corporation's Securities?

YES NO If yes, which institution? _____ (Additional Paperwork may be Needed)

4. Account Type

Please mark the account type(s) you are opening. You may use this form to open more than one type of account. For qualified retirement accounts such as defined benefit and profit sharing accounts, please contact us for the appropriate form 703-207-7005 x100.

Personal Accounts

- Individual
- Joint -Rights of Survivorship
- Joint- Tenants in Common
- Joint- Community Property
- Joint- Tenants by Entirety
- Custodial (UGMA/UTMA)
- Revocable Trust (*Attach Trust Document*)

Retirement Accounts

- SEP IRA
- IRA Rollover
- Traditional IRA
- Roth IRA

Business Accounts

- Corporation
- General Partnership
- Limited Partnership
- Limited Liability Company
- Sole Proprietorship

Other Accounts

- Investment Club
- Business Trust
- Unincorporated Organization
- Other: _____

5. For Business Accounts Only (if applicable)

Business Name _____ Tax Payer Identification Number _____

Street Address _____ Suite (if any) _____ City _____ State _____ Zip _____

Business Telephone Number _____ Email Address (For Sending Statements) _____

6. Beneficiary Information for IRA Accounts (if applicable)

I hereby designate the following primary beneficiary (ies) to receive payment of the value of my IRA upon my death. In the event that my primary beneficiary (ies) do not survive me, the funds are to be designated to my contingent beneficiary(ies). Note: If you do not indicate a percentage and more than one person is designated, the funds will be equally distributed among the beneficiary (ies). You may change your beneficiary (ies) at any time by giving written notice to us.

A. Primary Beneficiary (ies):

Percentage Share %	Name	Social Security Number	Relationship	Birth Date

B. Contingent Beneficiary (ies):

Percentage Share %	Name	Social Security Number	Relationship	Birth Date

Spousal consent is required in certain States if you are married and designate a beneficiary other than, or in addition to, the spouse. I hereby consent to and join in the designation of beneficiary (ies) above.



Spouse Signature

Print Name

Date

7. Create an Electronic Funds Transfer (optional)

You can electronically transfer money between this account and your bank by setting up an electronic funds transfer (EFT). This service is absolutely free and allows you to practice dollar cost averaging in your account. Please note that it usually takes 1-2 business days to establish the link with a financial institution. Most EFT requests are completed within four business days. Deposits received via EFT cannot be withdrawn for 5 business days after they are deposited into your account. Also, transfers that fall on a non-business day will be initiated on the last business day before the transfer date. **The name on the bank account must match the name on the account with us.**

Name on Account: _____ Select Frequency: One Time Transfer Weekly Monthly Quarterly

Account Type: Checking/Money Market Savings Bank/Firm Name: _____

Account Number: _____ Routing Number: _____

Please deposit \$ _____ into my account _____ on ____/____/____
Account Name (mm/dd/yyyy)

8. Log in User Name Preference (optional)

You will have online access to your account through our website. Please indicate your User Name preference (at least 8 characters but not more than 12, not case sensitive). Choose your User Name carefully; you will not be able to change it. We cannot guarantee your User Name preference will be applied to your account.

Primary Account Owner Name: _____ User Name Preference: _____

Joint Owner Name: _____ User Name Preference: _____

9. Signatures and Authorizations

I/We certify, under penalty of perjury, that:

- 1) The numbers shown on this form are our correct social security/taxpayer identification numbers, and
- 2) I am not subject to backup withholding as a result of a failure to report all interest and dividends, or the Internal Revenue Services has notified me that I am no longer subject to backup withholding. The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.
- 3) I have read, I understand and I agree to the terms, conditions, and disclosures set forth in the Ethical Wrap Agreement.
- 4) I acknowledge that the information contained in the attached Investor Profile Questionnaire is correct and accurate.
- 5) By signing this Agreement, I acknowledge receipt of a copy of Part II of Azzad's Form ADV with Schedule H, at least forty-eight (48) hours prior to execution of this Agreement, as required by Rule 204-3 under the Act.

X _____
Signature: Account Owner/Trustee/Executor Date

X _____
Signature: Additional Account Owner/Co-Trustee/Executor Date

X _____
Signature: Investment Advisor Date

X _____
Approved By: Signature: Azzad Asset Management Date



Client Account Opening Form

Instructions:

1. Advisors should complete Section A.
2. Advisors *or* their clients should complete Sections B and C.
3. All account owners must read the attached Customer Agreement and sign Section D.
4. Please have your client send this form back to you, so you can make a copy.
5. You may want to ask your client to also send a signed check to fund this account.
6. Please send this signed two-page form (and the signed check) to:

FOLIO Institutional
P.O. Box 3068
Merrifield, Va.
22116-3068

7. If you need assistance, please call 1-888-485-3456, 24 hours a day, seven days a week.

1. Advisor Information		
Advisor's First Name	Middle Initial	Last Name
Advisor's Firm Name		

3. Account Owner Information		
Account Owner's First Name	Middle Initial	Last Name
Social Security Number/Tax ID No.	Name of Account -leave empty	

2. Co-Account Owner Information		
Co-Account Owner's First Name	Middle Initial	Last Name
Social Security Number/Tax ID No.	Name of Account -leave empty	

D. Account Owner Signatures

I certify, under penalty of perjury, that

- (1) The number shown on this Account Opening Form is my correct taxpayer identification number, and
- (2) I am not subject to backup withholding as a result of a failure to report all interest and dividends, or the Internal Revenue Service (“IRS”) has notified me that I am no longer subject to backup withholding. The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.
- (3) I have read, I understand and I agree to the terms and conditions set forth in the attached Customer Agreement.

▶ _____ Date _____
signature: Account Holder/Trustee/Custodian/Executor

▶ _____ Date _____
Signature: Additional Account Holder/Co-Trustee/Co-Custodian/Co-Executor

▶ _____ Date _____
Signature: Additional Account Holder/Co-Trustee/Co-Custodian/Co-Executor

Please Note: All account holders must sign.

Account Transfer Form

Please review the accompanying instructions for important information on completing this form. If you have any questions, please contact us at 1-888-973-7890.



A. Information About Your FOLIOfn Account

Account Number:

Primary Account Owner Name Social Security Number or Tax Identification Number

Joint Account Owner Name Social Security Number or Tax Identification Number

Joint Account Owner Name Social Security Number or Tax Identification Number

B. Information About the Account You Are Transferring

Before you transfer this account, you should wait for any checks that you have written against the account to clear. You should also discontinue any electronic funds transfer (EFT) instructions that you have set up for the account, including recurring investments and distributions.

Firm, Fund or Distributing Employer Name Your Account Number

Firm, Fund or Distributing Employer Address Telephone Number

Account Type:

- | | | | | |
|---|--|----------------------------------|--|--|
| <u>Personal</u> | <u>Retirement</u> | <u>Employer Sponsored*</u> | <u>Business**</u> | <u>Other**</u> |
| <input type="checkbox"/> Individual | <input type="checkbox"/> IRA Rollover | <input type="checkbox"/> 401(k) | <input type="checkbox"/> Corporate | <input type="checkbox"/> Investment Club |
| <input type="checkbox"/> Joint | <input type="checkbox"/> Traditional IRA | <input type="checkbox"/> 403(b) | <input type="checkbox"/> LLC | <input type="checkbox"/> Trust |
| <input type="checkbox"/> Custodial | <input type="checkbox"/> Roth IRA | <input type="checkbox"/> Pension | <input type="checkbox"/> Limited Partnership | <input type="checkbox"/> Other: _____ |
| For a Roth IRA,
Please provide the 5 year aging year:
_____ | | | <input type="checkbox"/> Sole Proprietorship | |
| <input type="checkbox"/> SEP IRA | | | | |

*Please attach a distribution form when transferring employer-sponsored accounts. The employer administering the plan should be able to provide you with the distribution form.

**Please attach documentation that authorizes you to transfer the account, such as a corporate resolution or certification of investment powers.

C. Account Transfer Instructions

The firm currently holding your assets will transfer stock and cash using the following rules.

Stock

Whole shares will transfer to your FOLIO*fn* account. Fractional shares will be sold and the cash proceeds will transfer to your FOLIO*fn* account. **(You cannot transfer bulletin board stocks, also known as penny stocks, to your FOLIO*fn* account).**

Cash

Cash will transfer to your FOLIO*fn* account.

Certificates of Deposit

You will need to specify when the cash proceeds of your CD will transfer to your FOLIO*fn* account.

Other Assets

The firm currently holding your assets will sell other assets and transfer the cash proceeds to your FOLIO*fn* account.

Transfer the Following Assets to the FOLIO*fn* Account Described in Section A:

Transfer My Entire Account

Stock

Number of Shares or "All"	Description of Stock (including Stock Symbol)	Sell and Transfer Cash Proceeds to my FOLIO <i>fn</i> Account	Transfer Shares to my FOLIO <i>fn</i> Account
		<input type="checkbox"/> OR	<input type="checkbox"/>
		<input type="checkbox"/> OR	<input type="checkbox"/>
		<input type="checkbox"/> OR	<input type="checkbox"/>
		<input type="checkbox"/> OR	<input type="checkbox"/>
		<input type="checkbox"/> OR	<input type="checkbox"/>
		<input type="checkbox"/> OR	<input type="checkbox"/>

I have listed additional stock on the attached *Additional Assets to Transfer Form*.

Cash

- Full Transfer. Transfer my entire cash balance.
- Partial Transfer. Transfer the following amount: \$ _____

Certificate of Deposit

- Redeem my CD immediately. Transfer the cash proceeds to my FOLIO*fn* account. I am aware of and acknowledge any penalty I may incur from an early redemption.
- Redeem my CD at maturity. Then transfer the cash proceeds to my FOLIO*fn* account.
Maturity Date: _____/_____/_____ (MM/DD/YYYY)

Other Assets (Not Including CDS and Stock)

Number of Shares or "All"	Description of Asset	Sell and Transfer Cash Proceeds to my FOLIO <i>fn</i> Account
		<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>
		<input type="checkbox"/>

I have listed additional assets on the attached *Additional Assets to Transfer Form*.

D. Authorization and Signature

To the financial institution named in Section B: I authorize you to liquidate any non-transferable proprietary money market fund assets that are part of my account and transfer the resulting credit balance. I authorize you to deduct any outstanding fees due you from the credit balance in my account. If my account does not contain a credit balance, or if the credit balance in the account is insufficient to satisfy any outstanding fees due you, I authorize you to liquidate the assets in my account to the extent necessary to satisfy that obligation. If certificates or other instruments in my account are in your physical possession, I instruct you to transfer them in good deliverable form, including affixing any necessary tax waivers, to enable the successor custodian to transfer them in its name for the purpose of sale, when and as directed by me. I understand that upon receiving a copy of these transfer instructions; you will cancel all open orders for my account on your books. I affirm that I have destroyed or returned to you credit/debit cards and/or unused checks issued to me in connection with my securities account. I understand that you will contact me with respect to the disposition of any assets in my securities account that are non-transferable.

I am aware that if I sell any investments in the account specified in Section B and Section C that the cash proceeds will not accrue interest while the sale is being processed.

Letter of Authorization (LOA) for Joint Account Transfers
We are aware of and acknowledge that the account described in Section B will be transferred into the FOLIO*fn* account described in Section A as specified in this document.

Age 70 ½ Restrictions- The following restrictions apply to a retirement account transfer:

If I am over 70 ½, I attest that the securities and funds transferring to FOLIO*fn* does not include the required minimum distribution for the current year pursuant to Section 401(a) (9) of the Internal Revenue Code.

Agree to Arbitration to Resolve Disputes

I agree to resolve all controversies and disputes through arbitration and not the courts as required on the last page of FOLIO*fn*'s customer agreement. I agree that FOLIO*fn* does not recommend any securities or investments to me.

YOU MUST ATTACH A COPY OF YOUR MOST RECENT STATEMENT FOR THE ACCOUNT YOU ARE TRANSFERRING

BUSINESS, INVESTMENT CLUB AND TRUST ACCOUNTS MUST ATTACH AUTHORIZING DOCUMENTATION

EMPLOYER SPONSORED ACCOUNTS MUST ATTACH A DISTRIBUTION FORM

Primary Account Owner Signature Date (MM/DD/YYYY)

Joint Account Owner Signature Date (MM/DD/YYYY)

Joint Account Owner Signature Date (MM/DD/YYYY)

FIRM USE ONLY		
RECEIVING FIRM: FOLIO<i>fn</i> CLEARING NO.: 0728		
CUSTODIAL ACCEPTANCE PLEASE BE ADVISED THAT FIRSTAR BANK, NA ACCEPTS APPOINTMENT AS SUCCESSOR CUSTODIAN		MEDALLION SIGNATURE GUARANTEE PROGRAM
SUCCESSOR CUSTODIAN SIGNATURE	DATE	

Sign this form, attach the most recent account statement for the account you are transferring and any other required documentation (an *Additional Assets to Transfer Form*, authorizing documentation or a distribution form) and mail to:

FOLIO*fn* Investments, Inc.
PO Box 3068
Merrifield, VA 22116-3068
Attn: ACATS

Personal Profile:

Client Name: _____ **Investment Objective:** _____ **Birth Date:** _____

Approximate Investable Assets: _____ **Preferred Retirement Age:** _____

Joint Account Owner Name: _____ **Birth Date:** _____

Child Information, complete if applicable:

Child Name: _____ **Birth Date:** _____

Child Name: _____ **Birth Date:** _____

Child Name: _____ **Birth Date:** _____

Please note any other variables to consider: _____

Questionnaire

1. What is your age?

- 30 or under
- 31-49
- 50-65
- 66+

2. Assume you are investing \$100,000 and have the following hypothetical portfolios from which to choose. The dollar values below represent the two possible values of these portfolios after one year-- low and high. Assuming there is an equal chance of achieving either result (low or high), indicate which portfolio represents the maximum risk/return trade-off you would be willing to accept. (Portfolio 1 = least risk; Portfolio 6 = greatest risk)

- Portfolio 1: \$100,000 - \$105,000
- Portfolio 2: \$95,000 - \$115,000
- Portfolio 3: \$90,000 - \$125,000
- Portfolio 4: \$85,000 - \$135,000
- Portfolio 5: \$75,000 - \$150,000
- Portfolio 6: \$65,000 - \$160,000

3. Keeping in mind your investment goals for this account and your tolerance for short-term market fluctuations, where would you place yourself on the following risk tolerance scale?

- 1 (least risk tolerant)
-
-
-
-
-
-
-
-
-
- 10 (most risk tolerant)

4. Your investable assets are:

- Greater than your current income.
- Less than your current income.

5. Over the next several years, you expect your annual income to:

- Stay about the same.
- Grow moderately.
- Grow substantially.
- Decrease moderately.
- Decrease substantially.

6. What do you expect to be your next major expenditure?

- Buying a house.

- Paying for college education.
- Providing for retirement.
- Capitalizing a new business.

7. When do you expect to use the bulk of the money you are accumulating in your investments?

- Any time in the coming months. Liquidity is highly important.
- Probably in the future - 1 to 5 years from now.
- 6-10 years from now.
- 11-20 years from now.

8. Life insurance may be useful in protecting assets and/or in reducing any subsequent estate tax liabilities. Which of the following best describes your situation:

- I have adequate life insurance.
- I do not have life insurance, but I plan to acquire it in the near future.
- I do not have any life insurance and do not intend to acquire any.

9. What is the investment time horizon most appropriate for this account? *If you are highly concerned about volatility and looking for short-term results, answer "1 Year". If you are less concerned with volatility and are looking to maximize long-term performance, answer "8+ years".*

- 1 year
- 1-3 years
- 4-7 years
- 8+ years

10. Which of these plans would you choose for your investment dollars?

- You would opt for maximum diversity, dividing your portfolio among all available investments, including those ranging from highest return-greatest risk to lowest return-lowest risk.
- You are concerned about having too much exposure to any single asset class. You would divide your portfolio between two investments with high rates of return and moderate risk.
- You would put your investment dollars in the investment with the highest rate of return and most risk.

11. If you were to invest in one stock mutual fund, which one would you choose?

- A fund that invests in companies holding the potential to make significant technological breakthroughs, and whose stocks are still at their low initial offering prices.
- A fund that only invests in established, well-known companies that have potential for continued growth.
- Broadly diversified fund devoted to well-established, "blue chip" companies that pay dividends.

12. Assume you are investing in a bond. Which of the following would you choose?

- A "high yield bond" that offers a higher yield than most other bonds, but also has a higher risk of default than investment grade bonds.
- A "treasury bond", which offers a relatively low interest rate, but is backed by the United States Government.
- The bond of a well-established company that offers a yield and level of risk somewhere between a treasury bond and a high yield bond.
- "Tax-free bond"-- because minimizing taxes is your primary investment objective.

13. Please select the answer below which best reflects your investment philosophy toward risk and return.

- My primary goal is the preservation of my capital. I desire returns slightly exceeding those of risk-free investments. Accordingly, I want my portfolio risk level to be low, with minimal price volatility.
- Growth of capital is my primary objective. I am willing to accept the higher volatility that is associated with this goal. I want to outperform equity indices over the course of market cycles.

14. Indicate your target rates of return for the periods specified:

1st year	
5th year	

15. My primary reason for building this account portfolio is:

- Retirement
- The benefit of my spouse and children
- The fun of it

**Simplified Employee Pension—Individual
Retirement Accounts Contribution Agreement****(Under section 408(k) of the Internal Revenue Code)****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.