

Plan Termination
Process

Roles and
Responsibilities

Plan Termination Roles and Responsibilities

Any task not listed below is the responsibility of the employer/plan administrator.

Initiating plan termination	Vanguard	Plan Administrator
Sign and return the Plan Termination Authorization Form		X
Establish the Plan Termination Date		X
Provide schedule for a full liquidation upon receipt of the signed Plan Termination Authorization	X	
Prepare and provide the blackout notice to the participants		X
Notify participants of the plan termination		X
Provide complete, accurate, and timely information and approvals in the manner and within the time frames reasonably requested by Vanguard		X
Final contributions and forfeiture allocation	Vanguard	Plan Administrator
Assist in calculating remaining forfeiture or unallocated account balances in the plan	X	
Assist in calculating any final contributions to be made into the Plan	X	
Provide approval on the final allocation of contributions, forfeitures, and any unallocated accounts <i>(if applicable)</i>		X
Testing <i>(if applicable)</i>	Vanguard	Plan Administrator
Transmit plan data to Vanguard for nondiscrimination testing and reporting		X
Prepare final compliance testing as provided in your current RSA*	X	
Assist in calculating excess distributions necessary to correct the Plan's testing failures	X	
Authorize actions and remit any payments to satisfy the nondiscrimination tests		X
Distributions	Vanguard	Plan Administrator
Authorize distributions from the Plan to participants or beneficiaries		X
Process plan distributions in accordance with the Plan Administrator's instructions	X	
Calculate federal income tax withholding on distributions	X	
Prepare participants' IRS Forms 1099-R and file with the IRS	X	
Prepare and file IRS Form 945	X	
Plan Documents	Vanguard	Plan Administrator
Review all plan documents to verify the plan is in compliance before plan termination.		X
Provide Plan Administrator with a termination amendment updating the plan for law changes, if applicable	X	
Sign plan documents and amendments in a timely manner		X
Retain copies of all plan records, documents, and reports		X
Final Form 5500 <i>(if applicable)</i>	Vanguard	Plan Administrator
Supply Vanguard with the information to prepare Form 5500		X
Prepare the final Form 5500, unless the Plan Administrator provides written direction otherwise	X	
File the final Form 5500 and applicable schedules		X

*Some testing is only applicable to 401(k) plans.

**Additional services are provided on a fee for service basis, including but not limited to ERISA Support Services and specialized testing services.

The purpose of this addendum is to address the various roles and responsibilities of each party during the plan termination process. This addendum combined with the "Plan Termination Authorization" form (PTA) and the custom plan termination timeline, should be referred to throughout the process to ensure that the plan termination is completed properly and on time.

Definitions

Plan Termination Date. The Plan Termination Date is a date chosen by your organization to terminate the plan and cease contributions, and is the date on which benefits are determined.

Plan Liquidation Date. The Plan Liquidation Date is the date on which all the assets have been distributed. The Plan Liquidation Date dictates when the final Form 5500, *Annual Return/Report of Employee Benefit Plan*, is filed with the IRS. The final Form 5500 is due on the last day of the seventh month following the Plan Liquidation Date unless the plan files for a two and a half month extension using the Form 5558. A Form 5500 filing is required every year until all plan assets have been distributed.

Roles of Each Party

VANGUARD GROUP, INC. (VANGUARD)

Vanguard has been retained by your plan to provide recordkeeping services for your retirement plan. As the recordkeeper, Vanguard has completed the tasks and duties as outlined in the Recordkeeping Service Agreement. Vanguard has never been in position to direct or control the plan administration or plan assets.

THE PLAN ADMINISTRATOR/INDIVIDUAL PLAN TRUSTEE

During the term of the Recordkeeping Service Agreement (RSA), you (as plan administrator or individual plan trustee) have been responsible for the administration and operation of the plan. Throughout the plan termination process, you will still have these day-to-day responsibilities. The following pages identify the responsibilities of each party during the completion of the plan termination.

THE DIRECTED TRUSTEE/CUSTODIAN

The plan's directed trustee or custodian has been retained by the plan to hold the plan assets and to provide other directed trustee/custodial services for the plan. The duties of the directed trustee/custodian for the plan are outlined in the agreement between the directed trustee/custodian and your company.

General Process

PLAN TERMINATION PROCESS

The plan termination process can be complex and involved and requires cooperation by the plan administrator, participants in the plan, and Vanguard. Communication by all of the parties involved is key to ensuring a successful plan termination. Without the completion of all applicable steps, the plan liquidation and termination will not be successfully concluded.

Once Vanguard receives a completed and signed PTA, Vanguard will provide you with a request for information for final testing and 5500 preparation, if applicable. Please review and complete the request for information, as Vanguard cannot begin the final processing for the plan until you send this information.

To ensure that your plan is properly terminated, you must perform the plan administrator responsibilities identified in the section just below entitled "Duties" before Vanguard will be able to provide final testing and processing, as applicable. You must provide this information by the deadline dates provided because the required testing may take some time to complete and requires your review and signature.

On the evening of the Plan Liquidation Date, the directed trustee or custodian will generally liquidate the plan assets. Normally, the directed trustee or custodian provides Vanguard with final valuation information shortly after the actual liquidation of the plan. Once we receive the final valuation, generally Vanguard will update market value prices, allocate certain fees (e.g., CDSC fees) and reconcile the plan to the final values or valuation provided, as applicable. Vanguard will then prepare the Investment Summary Report for your review. Vanguard will also provide a copy to the current directed trustee or custodian in the event such directed trustee or custodian will be issuing distribution checks for the plan participants.

After the final liquidation reports are completed, Vanguard will notify you to access your PlanSponsor Site and retrieve the reports. The Plan Sponsor Site will be available for that purpose for 90 business days after the plan liquidates and distributions are sent to participants.

Duties

INITIATING PLAN TERMINATION

Plan Termination Authorization (PTA). You must review, complete, sign, and return the authorization to Vanguard to begin the process of terminating your plan.

Statement of Intent. You must clearly document the intent to terminate your qualified plan, and if the plan is sponsored by a corporation, the corporation's Board of Directors should adopt a resolution terminating the plan and setting a Plan Termination Date for the plan.

Notification of Plan Termination and Vesting. Normally, you must notify all affected participants that the plan is terminated and that they are 100% vested in their individual accounts. In addition, some plans (such as money purchase pension plans) require that you provide written notice to the affected participants stating that benefits will cease. This should generally be done at least 45 days before the effective date of the amendment that discontinues the plan benefits.

Vanguard will update its system to reflect that all affected participants' individual accounts are 100% vested at the time Vanguard receives the signed PTA—unless the PTA indicates that a later date should be used. If the actual Plan Termination Date provided in the PTA is a date in the past, Vanguard's system will reflect all assets in the plan as 100% vested—generally within a few days of receipt of the PTA.

You are responsible to notify Vanguard if any corrective distributions need to be made for any participants who may have taken a distribution between the actual Plan Termination Date and the date that the Vanguard system reflects 100% vesting for the plan. If the actual Plan Termination Date provided in the PTA is a date in the future, Vanguard's system generally will reflect the plan as 100% vested on the actual Plan Termination Date.

Setting the Plan Liquidation Date. Once Vanguard receives the signed PTA and the Plan Termination Date has been established, a Plan Liquidation Date will be set using a projected timeline of events. To assist with the process, you will receive a custom timeline that identifies key dates by which certain tasks must be completed in order to complete the process by the Plan Liquidation Date.

Blackout Notice – Sarbanes-Oxley Act of 2002. The Sarbanes-Oxley Act of 2002 contains several provisions that affect qualified plan operations. One such provision requires plan administrators to provide advance notice of plan blackout periods, which are generally periods of time during which plan participants and beneficiaries are unable to direct or diversify assets, obtain loans, or request distributions. One common reason for a blackout is to prepare for a plan termination.

Included in this packet is a blackout notice based upon the Department of Labor's model blackout-period notice. You must provide this completed notice to all plan participants and beneficiaries at least 30 days before the blackout start. During the blackout, your participants will not have access to their accounts. The notice is good for up to 90 days and it would be necessary to distribute a supplemental notice if the period of blackout lasts longer than 90 days. You do not need to return a copy of this notice to Vanguard.

FEES

Recordkeeping Service Fees. Any outstanding fees owed to Vanguard must be paid before Vanguard will provide final processing services (e.g., the delivery of reports). These fees include, but are not limited to, any remaining recordkeeping fees and fees incurred in terminating the plan. If you would like more information about the amount you may owe to Vanguard, please contact your Vanguard Client Service Representative.

Fee Disclosure Requirements. Federal regulations require that updated disclosures must be made of "changes" to certain information that is contained in the initial or annual participant disclosure. This notice must be provided to participants and beneficiaries 30-90 days before the effective date of the change. The plan administrator is responsible for complying with these requirements. Please visit the Plan Sponsor Website and go to the "Plan Disclosure" tab for useful information on fee disclosure, including a generic template that plan administrators can use for changes to information previously disclosed. You may also contact your Client Service Team for assistance.

Fee Hierarchy. Fees will be taken first from the Administrative Fee Credit Account (AFCA), then from forfeitures, and then from the plan unless otherwise outlined in the PTA, as applicable.

Contingent Deferred Sales Charges (CDSC). Upon termination of the Plan, a CDSC may be deducted from the redemption proceeds by the investment provider. The investment provider deducts the CDSC at the Plan level and Vanguard further allocates this charge pro rata among the plan participants. Please consult the investment prospectus for specific information about CDSC.

FINAL FORFEITURE ALLOCATION

Direction Regarding Forfeitures or Unallocated Accounts. Provisions in the PTA include options for properly allocating forfeitures and other unallocated accounts. If your plan document allows, forfeitures may be used to reduce plan expenses before being allocated to participants. Please review your plan document to verify that your plan document allows forfeitures to be used in this manner before selecting that option in the PTA. Please work with your Deconversion Coordinator to properly allocate both forfeitures and unallocated accounts (if applicable) based on rules, regulations, and plan document provisions.

TESTING AND FINAL FORM 5500, IF APPLICABLE

Final Plan Testing. At the time of plan termination, nondiscrimination testing generally must be performed. This testing is completed from the first day of the plan year through the Plan Termination Date. If this service is a part of your RSA, Vanguard will perform the discrimination testing with plan information provided by the plan administrator. Vanguard will request that you provide certain information to facilitate the testing. It is your responsibility to provide all the necessary information to Vanguard.

Vanguard will not process any testing refunds or corrections without your consent or approval. If the final discrimination testing fails and no action is taken to correct this failure, an operational failure would result for the plan. Failing to correct a discrimination testing failure before termination could risk the qualification status of your plan.

Final Form 5500. An IRS Form 5500, *Annual Return/Report of Employee Benefit Plan*, is usually required every year until all assets have left the plan. If this service is part of your Recordkeeping Service Agreement, Vanguard will prepare the Form 5500. A short questionnaire designed to capture information required for the final Form 5500 will be provided. You must complete the questionnaire and return the necessary information to Vanguard.

Vanguard may request additional information in order to accurately complete final testing and to prepare the final Form 5500 for the plan. It is your responsibility to ensure that the information provided to Vanguard is accurate, complete and to timely file the final Form 5500.

DISTRIBUTIONS

Distribution Instructions. As part of plan termination, all assets must be liquidated from the plan. All participants should be contacted so that they can provide direction for payment of their accounts. Participants will submit their distribution requests to the plan administrator. To help complete the termination process, Vanguard will provide you with a final distribution report, which lists all participants with a balance in the plan. You must complete this report, providing Vanguard with instructions on how to distribute all participant accounts. This report should reflect 1) participants' direction to you regarding distribution, 2) direction for "cashing out" qualifying participants, and 3) direction for distributing missing or nonresponsive participant accounts.

Generally, the directed trustee or custodian will issue the distribution checks for participants. In most cases, the RSA states that Vanguard or some other third party will process the distributions.

Please note that distributions will not be processed until final discrimination testing has been completed and approved, and after a complete set of distribution instructions have been provided to Vanguard on the final distribution report.

Cashout Provisions. If your plan document allows, you can force distributions from the plan for nonresponsive participants who have a balance under the plan's cashout limit or \$1000, if applicable. The plan administrator must provide all applicable notices and comply with the regulations for cashout distributions.

Missing or Lost Participants or Beneficiaries. In some cases, you may not be able to find all of the participants in your plan. You must make reasonable efforts to locate any missing or lost participants or beneficiaries. The Department of Labor has issued guidance on how to locate missing participants or beneficiaries in Field Assistance Bulletin 2014-01. Here is a brief summary of this DOL guidance.

You should attempt to locate the participants by using all of these methods before determining that the participants are missing or lost.

1. Send correspondence by certified mail, return receipt requested, to the participant's last known address.
2. Contact other possible sources such as family members, friends, subsequent employers, or any other source that might have information on the missing individual.
3. Hire a commercial locator service.

If, after exercising reasonable due diligence, you cannot locate a missing or lost participant or beneficiary, you may provide Vanguard with directions to distribute the account balance to the participant in cash or to roll over that amount to an IRA in the name of that participant.

Nonresponsive Participants. Participants may not respond despite your reasonable efforts to reach them. If this occurs, you may treat these participants as missing and provide Vanguard with directions to distribute the participant balances using the guidance in Field Assistance Bulletin 2014-01.

Automatic Rollover Agreement. An automatic rollover agreement may be available for your plan. This agreement is with an organization that, as part of its services, will establish an IRA in the name of the participant to receive the participant's balance after you have determined that the participant is missing, is nonresponsive, or is subject to the mandatory cashout rules. The terms of the automatic rollover agreement will determine the responsibilities of the parties involved. Your Deconversion Coordinator will provide a copy of this agreement. If you have any questions please contact your Vanguard Deconversion Coordinator for more details.

IRS Forms 1099-R, Investment Summary Report, and Participant Statements. Unless otherwise notified, the directed trustee or custodian will generate the IRS Forms 1099-R for the final plan year during January of the year following the distribution year, and will mail the forms directly to the participants and IRS. If your business is dissolving, you must provide the directed trustee or custodian with an address to send your copies of such forms. Vanguard will prepare an investment summary report reflecting the final values as of the Plan Liquidation Date. Participants will also receive their final participant statement after the plan is liquidated. If your plan holds outside assets, it is your responsibility to ensure you or your existing investment provider issues the IRS Form 1099-R for those outside assets.

Liquidation and Final Valuation. The directed trustee or custodian will liquidate the plan assets and will provide Vanguard with a final valuation of the assets within a reasonable period of time following such liquidation. If your plan holds outside assets, it is your responsibility to coordinate the valuation and/or liquidation of outside assets, including insurance, with your existing investment provider.

PLAN DOCUMENTS

Plan Amendments. Before termination, the qualified plan must ordinarily be updated to ensure the plan's compliance with any recent law changes impacting retirement plans prior to plan termination. If a plan is not updated for law changes before plan termination, the qualified status of the plan may be jeopardized, which may cause adverse tax consequences to the employer and participants—and may require the employer to use an IRS correction program. In addition, some plans (such as money purchase pension plans) require that you amend the plan to reflect discontinued benefits. These amendments are generally provided by the entity that provided you with the documents (basic plan document, adoption agreement, summary plan description). Please check with your plan document provider to ensure that your plan documents are up to date before termination.

If you use Ascensus prototype documents, Ascensus can assist you in updating your documents. A termination amendment designed to update the plan for any required regulatory amendments through the Plan Termination Date will be included in your package. Please consult with your tax or legal advisor regarding any necessary updates to your plan document. If you are uncertain who sponsors your plan document, please contact an Vanguard Client Service Representative for assistance.

IRS Form 5310 Application for Determination for Terminating Plan. You should consult with your tax advisor or attorney to determine whether your plan documents should be submitted to the IRS for a determination letter as part of the termination process. This optional form is completed by plan sponsors or plan administrators, and filed with the IRS, to determine the qualified status of the plan at the time of plan termination.