

Plain English Explanation of Your Retirement Program

A Summary Plan Description for the:

HEALTH CONSULTANTS OF VIRGINIA, INC.
PROFIT SHARING PLAN



February 3, 2010

CONTENTS OF YOUR SPD PACKAGE

Summary Plan Description

Beneficiary Designation

IRA Information

Hardship Policy



Table of Content

1.	Introduction to Your Retirement Plan and Content of this Booklet	1
2.	Joining the Plan	2
3.	Ongoing Participation in the Plan	3
4.	Limitations of Contributions	3
5.	Participant Contributions to the Plan	3
6.	Employer Contributions to the Plan	5
7.	Special Considerations for Employer Contributions	5
8.	Employer Safe Harbor Contributions	5
9.	Vesting in Employer Contributions	6
10.	In-Service Benefit Distribution Options	6
11.	Distributions Process	7
12.	Benefit Distributions at Normal Retirement	8
13.	Benefit Distributions at Early Retirement	8
14.	Benefit Distributions Upon Death	9
15.	Benefit Distributions Upon Disability	10
16.	Benefit Distributions Upon Leaving the Company	11
17.	Form of Retirement Benefit	12
18.	Income Tax Considerations Upon Distribution of Benefits	13
19.	Domestic Relations Orders	13
20.	Administration of the Plan	15
21.	Important Information About the Plan's Trust	15
22.	Your Rights as a Plan Participant	16
23.	Your Responsibility as a Plan Participant	17
24.	Investment of Trust Fund	17
25.	ERISA Rights and Claims Procedure	18
26.	Reporting and Disclosure	21
27.	Plan Information Directory	22
28.	Glossary	23
29.	Additional Resources	28

**A Summary Plan Description of the
HEALTH CONSULTANTS OF VIRGINIA, INC. PROFIT SHARING PLAN**

1. Introduction to Your Retirement Plan and Content of this Booklet

Effective January 1, 2009, HEALTH CONSULTANTS OF VIRGINIA, INC. modified the above-named salary reduction profit sharing Plan, which is continued for the exclusive benefit of [Eligible Employees](#), and their beneficiaries. This Plan was originally effective June 1, 1996. The effective dates for amendments vary with the government legislation that changed the laws. Through this Plan, you may have an opportunity to accumulate funds for your retirement. For information about what you may need to save for a secure retirement, go to: [Pension Plan Retirement Options](#). The Plan also provides benefits in the event of death or disability. The purpose of the Plan is to reward [Eligible Employees](#) for long and loyal service by providing retirement benefits. Benefits are funded through a trust fund. This trust is created as part of the Plan.



This Summary Plan Description (SPD) is intended to describe in general terms the primary features of the Plan, so you can understand the benefits it provides. The operation of the Plan is dictated by a separate document, the Plan document. In the event of any differences between this SPD and the provisions of the Plan, the Plan document will govern.

Nothing in the Plan, or in this SPD, guarantees you any rights of continued employment. Your Plan participation does not create a contract of employment, nor prohibit changes in the terms of, or the continuation of, your employment with your Employer.

You have a responsibility to understand the terms of the plan and the benefits it provides. Be sure to ask questions of the [Plan Administrator](#) if you need any help.

The benefits provided to you under this Plan are in addition to your social security benefits when you retire. For more information about your social security benefits, go to: [Understanding Social Security](#). Just like with social security, it is up to you to be sure the [Plan Administrator](#) has your most current contact information, or you may lose your benefits if we cannot find you.

Generally, the costs to maintain the Plan - the accounting, legal and administrative/technical services necessary to complete all government paperwork - are paid for by HEALTH CONSULTANTS OF VIRGINIA, INC., whom this SPD refers to as the "Company". As a general rule, the costs to maintain the investment of the Plan assets - investment advisor and manager fees - are paid for by the [Accounts](#) of all Participants in the Plan. Any fees assessed to your [Account](#) are disclosed on the investment company website. Sometimes, the Company may choose to pay all costs of the Plan from the Plan's assets. Your retirement benefit under this Plan will depend upon the value of your [Account](#) at your retirement. This amount will reflect contributions to the Plan, as well as any gains or losses allocated to your [Account](#) based upon the market fluctuations of the investment program while you are a [Participant](#).

The Pension Benefit Guaranty Corporation (PBGC) is a government agency that insures the benefits available under certain types of retirement Plans. This Plan does not provide a fixed and determinable retirement benefit. Therefore, the PBGC does not include this Plan within its insurance program.

Can the Plan be Terminated or Changed?

The Company expects to continue this retirement Plan indefinitely, but reserves the right to amend or discontinue it for any reason. Any Vested interest you may be entitled to under the terms of the Plan will not be altered by an amendment after you become Vested.

In the event the Plan is terminated, your rights to the benefits funded to the date of termination will be fully Vested and non-forfeitable. Although the Company may suspend contributions at any time it deems advisable, such suspension is not considered a termination of this Plan. If terminated, the trust fund (less expenses) will be paid to Participants based on the value of their [Accounts](#) to the date of termination.

2. Joining the Plan

To participate in the Plan, you must be an Eligible Employee and satisfy any requirements to be eligible to participate. Once eligible, you don't actually become a Participant until your Entry Date.

How do I become Eligible to Participate?

You do not need to complete any forms to be eligible to participate in Employer Contributions. However, you will need to complete an irrevocable waiver of participation should you not want to receive Employer Contributions.

All employees who are already participants in the Plan may continue to participate in the Plan even though the Plan has been amended. All other employees, except:

- ⊗ employees covered by a collective bargaining agreement providing retirement benefits as the result of good faith negotiations between the Employer and the employee representatives; and
- ⊗ employees who are nonresident aliens and receive no earned income from the Employer from sources within the United States

shall (except for [Misclassified Employees](#)) be eligible to participate in a [Salary Deferral](#) election and Employer Contributions after completing the following requirements:

- ⊗ one (1) Year of Service; and
- ⊗ Age twenty-one (21).



A [Year of Service](#) is a consecutive twelve-month period during which you work one thousand (1,000) Hours of Service with the Company. Hours are counted beginning on the date you complete your first [Hour of Service](#) with the Company, and ending on the date you quit, retire, or are discharged. An [Hour of Service](#) is an hour for which you are entitled to be paid by your Employer for either (i) the performance of duties, or (ii) a period of time during which you performed no duties due to vacation, holiday, illness, incapacity, layoff, jury duty or an approved leave of absence.

Remember, even after you have met the eligibility requirements, you are not a [Participant](#) until you are employed on the Plan's [Entry Date](#).

You will become a Participant of the Plan on the earlier of July 1 or January 1 coinciding with or next following the date eligibility requirements are met. This date is the Plan's [Entry Date](#).

What Service is Counted for Purposes of Plan Eligibility?

Generally, in determining whether you satisfy the minimum service requirements to participate under the Plan, all service you perform for the Employer will be counted. However there are some exceptions to this general rule. These exceptions are referred to as the [Break In Service](#) rules and the [Rule of Parity](#).

3. Ongoing Participation in the Plan

Once you become a [Participant](#) in the Plan, you remain a [Participant](#) until your benefits are distributed or forfeited. Once a [Break in Service](#) occurs you will be required to work the number of hours required for initial eligibility in a future [Plan Year](#) in order to have your [Account](#) receive your [Salary Deferrals](#) and Company contributions once again.

Subject to certain limitations, you may elect not to participate in the Employer Contribution provided by the Plan. The Administrator will provide you with a form for this purpose at your request. If your election will cause the Plan to fail certain nondiscrimination testing, you will not be allowed to waive participation in the Plan.

4. Limitations of Contributions

Employer Contributions to your [Account](#) are based upon your annual [Compensation](#). The law limits the amount of "Additions" (other than trust earnings) that the Plan may allocate to your [Account](#) under the Plan. Your [Additions](#) may never exceed 100% of your [Compensation](#) during a particular [Plan Year](#). If your [Compensation](#) exceeds a dollar amount announced by the Internal Revenue Service each year, the [Additions](#) to your [Account](#) will be limited. The allocation of contributions discussed in this Section are subject to this limitation.

How is my [Compensation](#) Determined?

Your [Compensation](#) for purposes of allocating contributions to your [Account](#) in the Plan is all the [Compensation](#) you earned for the Plan Year paid or payable in cash or in kind by your Employer for personal services. However, [Compensation](#) will not include any amounts paid or payable by reason of work you performed (i) after the date you are no longer a [Participant](#), and (ii) before your [Entry Date](#).

For purposes of allocating an Employer Contribution, [Compensation](#) shall exclude nontaxable fringe benefits, expense allowance, fringe benefits, moving expenses and deferred compensation.



5. Participant Contributions to the Plan

How Much of My Salary May I Defer?

Plan Feature:
Tax Advantaged Savings
By contributing pre-tax dollars, you reduce the amount of current income taxes you pay each year - and earnings grow tax deferred!

The plan allows you to begin deferring salary January 2009. In no event can your [Salary Deferral](#) exceed \$16,500 for the 2009 and 2010 calendar years. This amount is announced by the Internal Revenue Service for each calendar year as it is adjusted for [COLA](#). In addition, under the federal tax laws, deferrals from [Highly Compensated Employees](#) (HCEs) may be limited. The Company will notify any affected HCE and reduce their [Salary Deferral](#) amount as needed. In order to save a sufficient amount of money for your retirement, start early - go to: [Taking Advantage Of Employer-Sponsored Retirement Plans](#) to find out why.

This [Salary Deferral](#) feature is a way for you to save for retirement. In addition to the annual limit for [Salary Deferrals](#), you may also contribute a "Catch Up" contribution if you are age 50 or older, provided you have contributed the maximum you are allowed during the [Plan Year](#). This "Catch Up" amount is \$5,500 for 2009 and 2010, subject to a [COLA](#). For a salary deferral calculator, go to: [401\(k\) Savings Calculator](#)

You have flexibility. You can change your plan contributions semi-annually, or stop contributing at any time.

You may elect to defer a portion of your [Compensation](#). You may also defer a portion of your bonus compensation. Be sure to read the Salary Deferral Election Form carefully and choose the options you want to apply to your salary and any bonus or other non-regular earnings.

What is a [Traditional Salary Deferral](#)?

Your Traditional [Salary Deferral](#) will be subject to Social Security taxes when contributed to the Plan, but you will not pay federal and state income taxes on these contributions until the funds are distributed to you. You may change your [Salary Deferral](#) Election semi-annually. The advantage to a [Traditional Salary Deferral](#) is that it grows on a tax deferred basis. The federal income tax savings helps you to save as much as you can afford.

Example

To show you the difference in spendable income, the example compares saving outside of the Plan to saving in the Plan on a pre-tax basis. One example assumes you earn \$20,000 a year, save 6% of your pay and are in a 20% (24% for higher earnings example) tax bracket. You have saved \$240 by saving on a pre-tax basis in the plan!



Traditional Salary Deferral Savings*

Annual Pay	20,000	30,000	20,000	30,000
Pre-Tax Savings	0	0	1,200	1,800
Adjusted Gross Pay	20,000	30,000	18,800	28,200
Federal & State Taxes	4,000	7,200	3,760	6,768
Net Pay	16,000	22,800	15,040	21,432
After Tax Savings	1,200	1,800	0	0
Spendable Income	14,800	21,000	15,040	21,432
Difference in Spendable Income			+240	+432

*The examples do not include any reference to the impact of FICA/Medicare on a paycheck as it is the same for both examples.

What is a [Roth Salary Deferral](#)?

A Roth Salary Deferral is an after tax contribution made through a salary deferral agreement. Should you make a Roth Deferral, it will be treated like a Traditional Salary Deferral, for all purposes under the plan. However, a distribution from a Roth Salary Deferral Account is not taxable if the distribution:

- (1) is made on or after the date on which you attain age 59 1/2,
- (2) is made to a Beneficiary (or to your estate) on or after your death, or
- (3) is attributable to your being disabled.

Accounting for Participant's Contributions

If you make contributions to the Plan, such contributions will be collected by means of payroll deduction, or by payment by you to the Plan. You will always be one hundred percent (100%) Vested in your [Participant](#) contribution [Account](#). The monies accumulated in any voluntary contribution [Account](#) will be used to provide additional benefits for you or your Beneficiary.

May I Transfer My Account from Other Retirement Accounts Into this Plan- (Rollovers)?

With permission of the [Plan Administrator](#), you may be allowed to transfer distributions to this Plan that you have received from a defined contribution plan of a former employer, a Simplified Employee Program under IRC Section 408, an Individual Retirement Account under IRC Section 408, a 457 plan of a former employer, or a 403(b) plan. If you want to make this rollover, upon request to the [Plan Administrator](#) you will be provided with a form to identify the type of Plan or retirement [Account](#) that made this distribution.

Once contributed to this Plan, your "rollover account" is subject to the rules of this Plan. Distributions from a rollover account may be made upon request once per plan year based on the last valuation.

6. Employer Contributions to the Plan



Employer Discretionary Profit Sharing: How is the Allocation of Employer Contribution to My Account Determined?

Employer Contributions, if any, shall be allocated on a pro rata basis. Pro rata basis is the ratio of your [Compensation](#) to all [Compensation](#) of Plan Participants. Each [Participant](#) shall have a percentage of their [Compensation](#) allocated to their [Account](#). The allocation percentage shall be determined preferably in writing by the Trustee each year.

Company Contributions
Company contributions help your plan [Account](#) grow even faster.

7. Special Considerations for Employer Contributions

Will I Receive a Contribution if I Terminate My Employment?

If you are not employed on the [Anniversary Date](#), your [Account](#) will not receive an Employer contribution for the year. If you do not complete 1,000 Hours of Service during the [Plan Year](#), your [Account](#) will not receive an Employer contribution for the year.

How are [Investment Returns](#) Allocated to My Account?

The investment earnings or losses of the Trust fund will be credited to your [Account](#) on a pro rata basis based upon your [Account](#) balance in the Plan, and will include changes in the fair market value of the Plan's investments on the last day of the Plan Year. The [Investment Returns](#) are calculated separately from Employer Contributions. Under certain circumstances, the [Administrator](#) may decide to value the Trust Fund as of any other day in addition to the regular annual [Valuation Date](#). This is called a special valuation.

Your [Investment Returns](#) for salary deferrals are calculated daily and contributed to your [Account](#) the same day or soon thereafter.

8. Employer Safe Harbor Contributions



Each Plan Year, your Employer may choose to contribute a contribution that is referred to as a Safe Harbor Contribution. The details for the type and allocation information for this contribution will be provided to you in an annual Notice each year. These contributions will be accounted for separately in the Plan.

9. Vesting in Employer Contributions

Vesting means ownership.

What is the Plan's Vesting Schedule?

Upon termination of employment, at any time, other than by reaching death, disability or Normal Retirement Age, you are entitled to receive a portion of your **Account** balance based on the following **Vesting Schedule**:



<u>Year of Service</u>	<u>Percentage of Employer Contribution Account</u>
less than 2	0%
2 but less than 3	20%
3 but less than 4	40%
4 but less than 5	60%
5 but less than 6	80%
6 or more	100%

Ownership of Your Account

The amount you are Vested means the amount you own on any given date within a Plan Year. As you earn vesting Years of Service, the amount you own from Employer Contributions to your **Account** increases.

A special rule applies if you terminate employment and are a **Non-Vested Participant**. This is called the "**Rule of Parity**".

If you are 0% Vested in the Plan, the Plan will treat you as having a cash-out distribution of \$0. This "deemed distribution" results in a **Forfeiture** of your entire Plan interest. Normally, this **Forfeiture** occurs on the date you terminate employment with the Employer. However, if you are entitled to an allocation of Employer contributions for the Plan Year in which you terminate employment, this **Forfeiture** occurs as of the first day of the next Plan Year.

Top Heavy Rules

A Plan that primarily benefits key employees is a top-heavy Plan. Key employees generally are owners or officers of the Company. A Plan is top heavy when more than sixty percent of the contributions or benefits have been allocated to key employees. Congress established a complicated set of rules that may apply to any Plan, and each year your Plan is tested to determine if it is top-heavy. If it is, special rules will apply which may require the Plan to make additional contributions on your behalf.

The contribution described in **Section 6** may vary for certain employees if the Plan is top heavy. Generally, the Plan is top heavy if more than 60% of the Plan's assets are allocated to the accounts of key employees (certain owners and officers).

10. In-Service Benefit Distribution Options

This Plan is created to help you save for retirement. There are very limited ways that the law allows you to receive money before retirement - especially while you are still working.



Am I Entitled to Any Pre-retirement Withdrawals from the Plan?

Generally, pre-retirement withdrawals from the Plan are restricted because the Plan is a retirement program for saving for your retirement income. Your Plan allows for pre-retirement withdrawals for the following reasons:

- ⊛ Hardships

Access to Your Account
The plan includes provisions for withdrawals under certain circumstances.

Hardship Withdrawals

You may be entitled to withdrawals from your accounts, if you meet the Plan's requirements for a hardship distribution. However, your hardship distribution may only be made from the salary deferrals allocated to your [Account](#) (and not earnings thereon). Additionally, if any employer contributions are made to your [Account](#) under a safe harbor requirement, those contributions are not eligible for a hardship withdrawal. The Plan's hardship policy is included in this SPD package.

11. Distributions Process

All distributions from the Plan must be based upon the provisions of the Plan. Only the Trustee can approve a distribution.

How Do Distributions Happen?

Upon the occurrence of any event justifying payment of benefits, such as retirement, employment termination, disability, or death, application for such benefits should be made to the [Plan Administrator](#) in writing. If your application is approved, your distribution request will be processed. Generally, within 30-days you or your beneficiary will be notified if your application is not approved and the reasons why. If you do not agree with the disapproval, you have the right to appeal. The procedure for such appeal is set forth in a later section of this booklet.

It is your responsibility to contact the [Plan Administrator](#) if you do not receive either confirmation of the distribution or notice of the disapproval. The Plan will not have any responsibility for any difference in your [Account](#) value if you do not notify the [Plan Administrator](#) that you have not received confirmation of your application. For more information about distributions, go to: [Deciding What To Do With Your 401\(K\) Plan When You Change Jobs](#).

The Cash-Out rule applies if you terminate employment and the [Administrator](#) pays you the Vested portion of your [Account](#) balance without your requesting the payment, and before [five consecutive One Year Breaks in Service](#) are incurred. For example, if your [Account](#) balance is \$4,000 and you are Vested 20% in that amount, the [Administrator](#) can pay you your \$800 benefit (\$3,200 is the forfeited amount) without your consent. However if you are re-employed before the lesser of: 1) [five consecutive One Year Breaks in Service](#) or 2) the total number of your Years of Service with the Company, you have the right to repay the \$800 distribution you received. The Company would then be required to restore the \$3,200 previously forfeited. Your later Years of Service qualifying for additional vesting will increase your Vested amount in the \$3,200 restored to your [Account](#). Upon re-employment, you should request information from the [Administrator](#) regarding this option, if you are interested in repaying this money to the Plan.

If you return to employment before you incur five consecutive One Year Breaks in Service, the Plan will restore this [Forfeiture](#) to your [Account](#).

Also see the section entitled: "Form of Retirement Benefit".

If you are: 1) a military reserve or national guard member; 2) were/are called to active duty after September 11, 2001; and 3) called to duty for at least 180 days or for an indefinite period, you may take a distribution of your elective deferrals under the Plan while you are on active duty, regardless of your age. You may repay the distribution to an IRA account in your name if you make the repayment within two years following completion of your active duty. See your tax advisor if this situation applies to you.

12. Benefit Distributions at Normal Retirement

When is My Normal Retirement Date for Plan Purposes?

Normal Retirement Age under the Plan is age 55. You will be deemed to have reached your Normal Retirement Date on the first day of the month coinciding with or next following age 55. This date is known as your Normal Retirement Date.



If you are not employed on the [Anniversary Date](#) in any year, your [Account](#) will not receive an employer contribution for the year of your retirement. If you do not complete 1,000 Hours of Service during the Plan Year in which you retire, your [Account](#) will not receive an Employer contribution.

If you work for the Company until the Plan's Normal Retirement Age, you will be entitled to one hundred percent (100%) of your [Account](#) balance in the Plan. Payment of benefits will begin as soon as practical, at your Normal Retirement Date.

If you do not make an earlier election, the Plan will begin distribution to you on the 60th day following the close of the Plan Year in which the later of two events occur: (1) your attainment of Normal Retirement Age; or (2) your termination of employment.

May I Defer Receipt of My Retirement Benefits?

You may elect to receive benefits later than your Normal Retirement Date. In such event, distribution of your benefit will be deferred until the date on which you actually retire or whenever you so elect. This is called your [Deferred Vested Benefit](#).

However, you generally must begin receiving distributions (called [Required Minimum Distributions \(RMD\)](#)) of your [Account](#) balance no later than April 1 of the calendar year following the calendar year in which you attain age 70 $\frac{1}{2}$.

13. Benefit Distributions at Early Retirement

When is My Early Retirement Under the Plan?

The Plan does not provide for any early retirement benefits.

14. Benefit Distributions Upon Death

What Happens to My Account at My Death?

Preretirement Survivor Benefits

When you become a **Participant** of the Plan, you may be eligible for pre-retirement death benefits. If you are married, and have an account, your spouse will receive a lump sum payment. You must complete a notarized beneficiary designation form. This beneficiary designation form will designate the person/entity to receive your **Account** balance, and the form of benefit payment, in the event of your death. If your beneficiary is someone other than your spouse, your spouse must consent in writing to that designation. Upon your death your beneficiary will be entitled to one hundred percent (100%) of your **Account** balance, regardless of the amount your **Account** is Vested prior to your death.

If you are not employed on the **Anniversary Date** in any year, including the year you die, your **Account** will not receive an employer contribution for the year of your death. If you do not complete 1,000 Hours of Service during the Plan Year in which you die, your **Account** will not receive an Employer contribution.

If life insurance is purchased by the Plan Trustee, that life insurance protection will be subject to evidence of your insurability. If no insurance is purchased by the Plan Trustee, your beneficiary will be entitled to the benefit in the Plan accumulated on your behalf.

You may designate anyone you wish as your primary beneficiary or secondary beneficiary at any time by completing the form your **Plan Administrator** has for that purpose. It is provided to you at the same time you receive this SPD. You may also revoke a previous designation, by completing a new form. If you are married, your spouse must consent in writing to the designation of any beneficiary other than your spouse. To be valid, your designation of a beneficiary must be completed on the forms furnished to you by the **Plan Administrator**, and returned to the **Plan Administrator** upon completion. It is your responsibility to keep your beneficiary designation current regarding your personal circumstances. A revised beneficiary designation must be received by the **Plan Administrator** prior to your death in order to be valid. For more information about designating a beneficiary, go to: [Choosing a Beneficiary for Your IRA or 401\(k\)](#).

If you do not complete a Beneficiary Designation Form, do not complete it properly or do not return it to the **Plan Administrator**, your beneficiary will be your spouse or, if you are not married, your estate. Return your Beneficiary Designation today!

If the amount of the benefit payable to your designated beneficiary does not exceed \$5,000, the beneficiary will receive a lump sum payment. If the amount exceeds \$5,000, the amount payable will be paid in the form and at the time elected by your designated beneficiary, unless prior to your death you specify the timing and form of the distribution.

Be sure to follow the requirements for electing the form of distribution, in the event you die before benefits begin. The amount of benefit that your beneficiary will receive depends upon the form of benefit you may have been receiving prior to your death.

If there is no valid beneficiary designation at the time of your death, your **Account** will be paid as follows:

1. Survivor annuity to your spouse unless your spouse elects a different form of distribution.
2. Your children (including any child you have legally adopted) and their children if your child predeceased you.
3. Your estate.

15. Benefit Distributions Upon Disability

Does the Plan Provide Disability Benefits?

There are no disability benefits in this Plan except those that are held in your [Account](#) prior to your disability. Your disability may accelerate payment of your retirement benefits.

If you become disabled, you may be entitled to distribution of 100% of your [Account](#) balance. The Trustee will begin disability payments to you as soon as practical after there is a determination made by the [Plan Administrator](#) of your disability. Generally, disability means a physical or mental condition resulting from bodily injury, disease, or mental disorder, which renders you incapable of continuing your usual and customary employment with the Company. You may be required to undergo a physical examination by a licensed doctor chosen by the [Plan Administrator](#). If you satisfy the disability provisions provided by the Plan, you will be entitled to receive one hundred percent (100%) of your [Account](#) balance, regardless of the amount your [Account](#) is Vested.

If you are not employed on the [Anniversary Date](#) in any year, including the year you become disabled, your [Account](#) will not receive an employer contribution for the year in which you became disabled. If you do not complete 1,000 Hours of Service during the Plan Year in which you become disabled, your [Account](#) will not receive an Employer contribution.

See also the section entitled: "[ERISA Rights and Claims Procedure](#)".

In addition to the Claims Review Procedure above, if your claim is for disability benefits and disability is determined by a physician, then the Claims Review Procedure includes the following:

- (a) Your claim will be reviewed without deference to the initial adverse benefit determination and the review will be conducted by an appropriate named fiduciary of the Plan who is neither the individual who made the adverse benefit determination that is the subject of the appeal, nor the subordinate of such individual.
- (b) In deciding an appeal of any adverse benefit determination that is based in whole or part on medical judgment, the appropriate named fiduciary will consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment.
- (c) Any medical or vocational experts whose advice was obtained on behalf of the Plan in connection with your adverse benefit determination will be identified, without regard to whether the advice was relied upon in making the benefit determination.
- (d) The health care professional engaged for purposes of a consultation under (b) above will be an individual who is neither an individual who was consulted in connection with the adverse benefit determination that is the subject of the appeal, nor the subordinate of any such individual.

The **Administrator** will provide you with written or electronic notification of the Plan's benefit determination on review. The **Administrator** must provide you with notification of this denial within 45 days after the Administrator's receipt of your written claim for review; unless the **Administrator** determines that special circumstances require an extension of time for processing your claim. If the **Administrator** determines that an extension of time for processing is required, written notice of the extension will be furnished to you prior to the termination of the initial 45-day period. In no event will such extension exceed a period of 45-days from the end of the initial period. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the determination on review. In the case of an adverse benefit determination, the notification, in addition to the provisions for a non-disability claim above, the denial of a claim for a disability where disability is determined by a physician will also disclose:

- (i) If an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion; or a statement that such rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination and that a copy of the rule, guideline, protocol, or other similar criterion will be provided to you free of charge upon request.
- (ii) If the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to your medical circumstances, or a statement that such explanation will be provided to you free of charge upon request.

16. Benefit Distributions Upon Leaving the Company



If I Terminate Employment Before Retirement, Death or Disability, What Are My Benefits and When Can I Receive Them?

This Plan is designed to provide benefits at death, disability, or Normal Retirement Age. If you terminate employment for other reasons, you will be entitled to receive only the "Vested percentage" of your **Account** balance, and the remainder of your **Account** will be forfeited. Only contributions made by the Company are subject to **Forfeiture**. Distributions from the Plan that are in excess of \$5,000 must be with your spouse's consent.

Highlight	<u>Payment of Your Account</u>
	When you leave the company, you may elect to have your Vested amount paid to you, or you may elect to have your Vested account transferred directly to an Individual Retirement Account (IRA) or to another eligible retirement plan. Under certain circumstances, you may elect to defer payment until a later date

The **Plan Administrator** may direct the Trustee of the Plan to distribute your **Vested Benefit** prior to your retirement, as soon as practical during the Plan Year termination of employment occurs.

If you choose not to receive your benefit upon your termination of employment, your **Account** will be called your **Deferred Vested Benefit**.

17. Form of Retirement Benefit

What Form of Retirement Benefits Does the Plan Allow Me to Choose and Will the Plan Administrator Distribute My Account Without My Consent?

The "form" and timing for your benefit payment is very important for you to consider before you make an election. What is appropriate for you is affected by your life expectancy. For information about your life expectancy, go to: [Life Expectancy](#). You should seek the advice of a qualified tax advisor before you make an election.

The Plan provides benefits to you in the form of a lump sum distribution. This means that you receive a distribution all at one time. Due to the nature of required income tax withholding on these lump sum distributions, you should consider transferring your retirement benefit to your own Individual Retirement Account to minimize the tax burden you may have. See your tax advisor and also the Notice on Distribution of Benefits.

However, if your retirement benefit is \$5,000 or less, the [Plan Administrator](#) may direct the Trustee to distribute your benefit to you in a lump sum, without your consent, or if you are married, you and your spouse's consent.

Optional Forms of Benefits:

Before your distribution election, the Plan Administrator will be able to provide you an estimated comparison of each option.

You may request any other permitted optional form of benefit, such as:

- ⊗ payment of lump sum amount, or
- ⊗ installment payments, provided that the installments are substantially equal in amount and payable at least annually and that it can reasonably be anticipated that you will receive the majority of such payments during your lifetime or the lifetime of you and your Beneficiary.

The amount of any such optional form of benefit is the value of your [Account](#) balance in the Plan at the time of distribution.

Automatic Rollovers (IRAs)

Upon your termination of employment, if the value of your Vested account is more than \$1,000 but less than or equal to \$5,000 (excluding the value of your rollover account, if any, amounts you may have in your rollover account) and, after receiving all required notices, you do not affirmatively elect a distribution, the balance of your [Account](#) will be automatically rolled over by the Plan to an individual retirement account (IRA) with a financial institution chosen by the Trustee at the time of distribution (the "IRA Provider") or such other IRA Provider chosen. Your [Account](#) will be automatically invested in a Money Market Fund, a fund designed to preserve principal, provide a reasonable rate of return, and maintain liquidity. You will be responsible for paying all fees and expenses assessed against your automatic rollover IRA. The fees and expenses will be comparable to the fees and expenses charged by the IRA Provider for other IRAs. For

additional information on the Plan's automatic rollover rules, you should contact your [Plan Administrator](#), listed in your Summary Plan Description.

If the value of your Vested account is \$1,000 or less (excluding the value of your rollover account), and you do not affirmatively elect a distribution, you will receive a lump-sum distribution. The [Plan Administrator](#) will send all required information to your last known address for you to provide rollover instructions. If after 30-days you do not elect a rollover or other payment election, the [Plan Administrator](#) will authorize the distribution to you. This distribution is made subject to any required federal and state income tax withholding.

What Happens if I'm A [Participant](#), Terminate Employment and Then I'm Rehired?

If you have terminated employment and you are later rehired, then you will generally be able to participate in the Plan on your date of rehire provided your prior service had not been disregarded under the Five Year [Break in Service](#) rules and you are otherwise eligible to participate in the Plan. See the Plan Administrator for your new Entry Date.

18. [Income Tax Considerations Upon Distribution of Benefits](#)

Existing federal income tax laws do not require you to report currently as income the amount the Company contributes to the Plan on your behalf, until you actually receive monies from the Plan, such as upon retirement.

Are There Any Income Tax Resources Available to Me?

When you receive your retirement benefits before retirement, a 10% penalty tax is required to generally be paid to the IRS.

There may be certain federal tax advantages available to you when your benefits are distributed. At the time of a distribution, you will receive a more detailed explanation of the available options. We encourage you to consult your tax advisor before you request a distribution of your Plan benefits. You may also go to: [Publication 575](#) or [Can I roll a retirement plan distribution into an IRA?](#) for more information.

19. [Domestic Relations Orders](#)

What Happens if I Am Involved in A Domestic Relations Order About My Plan Benefits?

Generally, your rights and benefits in the Plan may not be sold, assigned or transferred. The sole exception to this is when a court issues a domestic relations order that is found by the [Plan Administrator](#) to satisfy certain criteria that the Internal Revenue Code requires. When the court order satisfies this criteria the domestic relations order becomes a [Qualified Domestic Relations Order](#) (QDRO).

A domestic relations order may be one issued via a divorce, separation or child custody proceeding by a state court. The order provides for someone other than you to have rights in your [Account](#) in the plan. The [Plan Administrator](#) will notify you if an order is received and it has eighteen months to determine whether the order is qualified. It doesn't usually take eighteen months - in most cases it will take a month to complete all the paperwork and follow up with you regarding the qualified status of the order. If the order is not qualified, the other party is given time to fix the defect in order to qualify the order.

Payment under a QDRO may be earlier than is otherwise normal under the terms of the plan. The [Plan Administrator](#) will provide you with the status of the order and the distribution to be made. A distribution may be taxed to the plan [Participant](#) if the payment is made to someone other than the Participant's spouse or former spouse. A distribution to a spouse or former spouse under a QDRO may be rolled over to an Individual Retirement Account or will be taxed to the spouse or former spouse.

You may request a copy of the plan's qualified domestic relations procedures free of charge from the [Plan Administrator](#).

<u>Withdrawal Fee Schedule:</u> QDRO: \$ 450 (plus plan counsel fees to qualify the order)

Are My Benefits Protected?

As a general rule, your benefit in the Plan may not be alienated. This means that your interest may not be sold, used as collateral for a loan, given away or otherwise transferred. In addition, your creditors may not attach, garnish or otherwise take away the benefit you have earned in the Plan. This differentiates it from an Individual Retirement Account, which you generally have more control over and thus is usually more accessible to your creditors. Under federal law, the benefit in this Plan that you accumulate over your working career is protected from creditors and there is no limit on the amount that is protected; which is unlike the limits for amounts accumulated under an Individual Retirement Account, which can vary from state to state.

Are There Any Exceptions to the General Rule?

There are three exceptions to this general rule.

The [Plan Administrator](#) must honor a "Qualified Domestic Relations Order."

The second exception applies if you are involved with the Plan's operation. If you are found liable for any action that adversely affects the Plan, the [Administrator](#) can offset your benefits by the amount that you are ordered or required by a court to pay the Plan. All or a portion of your benefits may be used to satisfy any such obligation to the Plan.

Finally, the IRS has jurisdiction to levy against Plan assets in certain circumstance. If you believe this situation may affect you, be sure to seek advice of independent legal counsel.

[Also see the section entitled: "Your Responsibility as a Plan Participant".](#)

Can the Plan Be Amended?

Your Employer has the right to amend the Plan at any time. In no event, however, will any amendment authorize or permit any part of the Plan assets to be used for purposes other than the exclusive benefit of Participants nor will an amendment reduce your [Account](#). If an amendment to the Plan affects the information contained in the SPD, you will be issued a Summary of Material Modification (SMM), which you should keep with your Plan records.

What Happens if the Plan is Discontinued or Terminated?

Although your Employer intends to maintain the Plan indefinitely, your Employer reserves the right to terminate the Plan at any time. Upon Plan termination, no further contributions will be made to the Plan and all amounts credited to your [Accounts](#) will become 100% Vested. Your Employer will direct the distribution of your [Account](#) in a manner permitted by the Plan as soon as practicable. You will be notified if the Plan is terminated.

20. Administration of the Plan

Who is the Plan Administrator and What Are the Duties for That Position?

Often, investments within a retirement program are similar but different than investments you may purchase in your own personal savings program. The expense structure is usually different - with different classes of similar funds used to fund retirement accounts. This difference reflects the additional services necessary to deliver a robust retirement program to the Employee.

The Plan is administered by the [Plan Administrator](#), who will determine benefits, consider any appeals, resolve questions, and make rules to carry out the Plan's provisions. The [Plan Administrator](#) is also responsible for providing you with information about the Plan, as well as filing annual reports with the Internal Revenue Service and the Department of Labor. The [Plan Administrator](#) will serve as agent for service of any legal process against the Plan, Plan Trustees, or [Plan Administrator](#). Complete names and addresses of individuals serving in these capacities on behalf of the Employer appear on the Plan Information Directory page. The [Plan Administrator](#) will rely on Company records for your Hours of Service, [Compensation](#), age, employee status, and other information necessary to determine benefit eligibility and amounts.

How is My Account Maintained?

Employer Contributions to the Plan are accounted for separately by the [Plan Administrator](#) than other contributions - such as rollover contributions or Employee contributions. The [Plan Administrator](#) will presume you agree with the Plan's accounting for your [Account](#) if you do not correct or make any inquiry within 90-days of the receipt of your benefit statement.

Where Are the Plan Documents Maintained?

This booklet simply highlights the principal benefits and the features of the Plan. It is prepared solely to provide you with general information. Full details of the Plan and Trust instrument are contained in the official documents on file in your Company's administrative office.

21. Important Information About the Plan's Trust

Where Are the Plan Assets Held?

The primary funding medium is a trust fund. A separate account is established for the trust. This account holds Plan assets separate from the general funds of the Employer. The trust fund is established under the guidelines of federal law for the purchase and sale of investments.

22. Your Rights as a Plan Participant

What Are My Rights as a Plan Participant?

As a **Participant** in the Plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (**ERISA**). **ERISA** provides that all Plan Participants are entitled to:

- (a) Examine, without charge, at the **Administrator's** office and at other specified locations, all documents governing the Plan and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- (b) Obtain, upon written request to the **Administrator**, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary Plan description. The **Administrator** may make a reasonable charge for the copies.
- (c) Receive a summary of the Plan's annual financial report.
- (d) Obtain a statement telling you whether you have a right to receive a pension at Normal Retirement Age and, if so, what your benefits would be at Normal Retirement Age if you stop working under the Plan now. If you do not have a right to a pension benefit, the statement will tell you how many years you have to work to earn a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The Plan must provide this statement free of charge.
- (e) Obtain, without charge, a copy of the qualified domestic relations order ("QDRO") procedures.

If you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court.

What Can I Do if I Have Questions or My Rights Are Violated?

If you have any questions about the Plan, you should contact the **Administrator**. If you have any questions about this statement or about your rights under **ERISA**, or if you need assistance in obtaining documents from the **Administrator**, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in the telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under **ERISA** by calling the publications hotline of the Employee Benefits Security Administration.

See also the section entitled: "**ERISA Rights and Claims Procedure**".

23. Your Responsibility as a Plan Participant

Is There Any Way I Can Lose My Retirement Benefits?

There are a few ways in which you could lose expected benefits:

If Investments decrease in Value - The value of your **Account** depends on the performance of your investments under the Plan. Your **Account** balance is subject to both gain and loss due to investment results. If you request and receive a distribution at a time when the value of your **Account's** investments has declined, you may not receive a distribution as large as you had hoped. Also, expenses to operate and administer the Plan may be paid for by the Plan's trust fund - of which your **Account** would share the cost.

Vested Benefit - Leaving the Company before you are fully Vested or failure to earn a **Vested Benefit** are ways you can lose part of your **Account** in the Plan. Refer to **Section 9** in this SPD for more information.

Missing Participant - It is your responsibility to see that the **Plan Administrator** has your current address so that information about the Plan and benefit checks can reach you. If you cannot be located, your benefits may be forfeited.

Qualified Domestic Relations Order - Under Federal Law, the **Plan Administrator** is required to follow a Qualified Domestic Relations Order. See **Section 19** for more information.

Also see the section entitled: "Administration of the Plan".

24. Investment of Trust Fund

You work hard for your money. One of the advantages of the Plan is that it lets your money work hard for you. The Plan allows for you to invest the assets of your **Account** in a broad range of investment choices (of limited direction). However, you may only direct the following types of fund sources in your **Account**:

1. Salary Deferral Account (including Roth Deferrals)
2. Rollover Account
3. Employer Profit Sharing Account

Traditionally, the Employer appoints a Trustee who retains investment advice from an investment consultant or an investment manager. In a traditional arrangement, the Trustee - who is responsible for the trust fund - invests the assets for all Participants in one pooled investment fund. Typically, this fund was invested conservatively because they are investments held for later retirements.

With the advent of salary deferral arrangements, employees began asking for individual choices for their own salary deferral account. Thus, many Employers allow employees to invest their own **Account** into different investment alternatives that the Trustee has chosen for this purpose. These are the "core" choices and the Trustee monitors those choices, by periodically reviewing the investment performance of these funds.

Plan Highlight	<u>You Manage Your Investments</u>
	The Plan offers a range of investment options so you can put your money to work in a number of ways.

Different investment options may be offered from time to time and you will be informed of any future changes.

This Plan allows you to invest in alternatives that are outside these choices. The Trustee does not monitor those choices and it is your responsibility to monitor those investments or retain your personal investment advisor to do so. You must do this at your own expense. The Trustee is not responsible for any losses or expenses you may incur through investment in those alternative choices as this Plan is intended to satisfy ERISA Section 404(c). This provision of ERISA allows you to direct your Account without being a fiduciary of the Plan and also protects the Plan fiduciary from any fiduciary claim about investment performance as you are responsible for the investment of your Account.

25. ERISA Rights and Claims Procedure

Who Are the Plan Fiduciaries, Their Duties, and My Rights?

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of your retirement Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your Employer, may fire you or otherwise discriminate against you with the intent of preventing you from obtaining a retirement benefit or exercising your rights under ERISA. However, the establishment of this Plan does not in any way create a contract of employment or guarantee your future employment with your Employer.

If your claim for retirement benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial that includes:

- the specific reason(s) for the denial,
- reference to the specific Plan provisions authorizing the denial,
- a description of any additional material or information needed to perfect the claim and an explanation of why such material or information is necessary, and
- a description of the appeals procedures applicable time limits.

The Plan Administrator must provide you with the adverse determination within a reasonable period of time, but no longer than 90-days after the Plan receive the claim. However, this period may be extended by the Plan Administrator up to 90-days if additional time is needed to process the claim due to special circumstance. In this event, the Plan Administrator will notify you in writing before the expiration of the initial 90-day period.

Who Can I Appeal to if My Claim for Benefits is Denied?

We hope there will be never be a disagreement as to the amount owed to you under the Plan. However, if there is a disagreement, you must follow the Plan's claim procedures or you may forfeit certain legal rights to contest the decision.

Learn & Monitor	<u>Your Responsibility</u>
	The Plan is intended to constitute a plan described in Section 404(c) of the Employee Retirement Income Security Act of 1974 (ERISA). Section 404(c) allows participants to exercise control over their Account in the plan. In compliance with 404(c), a plan's fiduciary is not responsible for poor investment performance or losses resulting directly from participant directed choices. This means you are responsible for your investment decisions in your Account.

You, or your authorized representative, have the right to request in writing that another Plan fiduciary reconsider your claim. That fiduciary may not be the individual who made the initial benefit determination or his or her subordinate. This appeals process must allow for a full and fair review of the claim and the initial determination.

If your claim for retirement benefit is denied, the **Plan Administrator** must allow you at least 60-days after your receipt of the denial to appeal and provide you with the following *[Note: if your claim is for disability benefits and disability is determined by a Physician, then you have 180 days instead of the 60 days noted above].*

- the opportunity to submit written comments, documents, records and other information relating to the benefits claim,
- reasonable access to and copies of all documents, records and other information relevant to your claim without charge (including items used in the determination, even if not relied upon in making the final determination) or items demonstrating consistent application and compliance with the Plan's administrative processes and safeguards, and
- a full and fair review taking into account all comments, documents, records and other information submitted by you, even if the information was not submitted or considered during the initial determination.

Once the review is complete, and a determination is made, the **Plan Administrator** must provide a written decision to you - even if your claim is granted. Only if your claim is again denied does the **Plan Administrator** need to provide:

- the specific reason for the adverse determination,
- reference to the specific Plan provisions on which the determination is based,
- a statement of your right to receive at no cost information and copies of documents relevant to the claim, even if such information was not relied upon in making the determination,
- a statement of your right to sue under **ERISA**.

ERISA Rights	<p><u>What to do if you need help</u> First, see your Plan Administrator. Often, a Plan Administrator will need to verify the information before getting back with you. However, ERISA gives you certain rights to specific plan documents, the right to receive certain documents and examine certain documents.</p>
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The appeal must be resolved and you must be notified within 60 days of receipt of the claim. However, this period may be extended by the **Plan Administrator** up to 60 days if additional time is needed to process the claim due to special circumstance. In this event, the **Plan Administrator** will notify you in writing before the expiration of the initial 60-day period.

However, if at the time the appeal is filed, the Plan uses a committee or board to handle appeals, and that body meets quarterly, then appeals filed at least 30 days before the next scheduled meeting must be resolved at that meeting. If the appeal is filed within 30 days of the next meeting, it must be resolved at the second meeting after the appeal is filed, if not before. If there are special circumstances, the **Plan Administrator** may extend the resolution to the third meeting after the appeal is filed.

What if My Claim is for Disability Benefits?

In the case of a claim for disability benefits, if disability is determined by a physician (rather than relying upon a determination of disability for Social Security purposes), then instead of the above, the **Administrator** will provide you with written or electronic notification of the Plan's adverse benefit

determination within a reasonable period of time, but not later than 45 days after receipt of the claim by the Plan. This period may be extended by the Plan for up to 30 days, provided that the [Administrator](#) both determines that such an extension is necessary due to matters beyond the control of the Plan and notifies you, prior to the expiration of the initial 45 day period, of the circumstances requiring the extension of time and the date by which the Plan expects to render a decision. If, prior to the end of the first 30 day extension period, the [Administrator](#) determines that, due to matters beyond the control of the Plan, a decision cannot be rendered within that extension period, the period for making the determination may be extended for up to an additional 30 days, provided that the [Administrator](#) notifies you, prior to the expiration of the first 30 day extension period, of the circumstances requiring the extension and the date as of which the Plan expects to render a decision.

In the case of any such extension, the notice of extension will specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and you will be afforded at least 45 days within which to provide the specified information. [See also the section entitled: "Benefit Distributions Upon Disability"](#).

How Can I Enforce My Rights?

Under [ERISA](#), there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the [Plan Administrator](#) to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the [Plan Administrator](#). If you have a claim for benefits that is denied or ignored in whole or in part, you may file suit in a state or federal court.

If it should happen that the Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, if for example your claim is deemed frivolous. You may always request a copy of the QDRO Procedures at no charge.

If you have any questions about your Plan or about this statement of your rights under [ERISA](#), you should contact either the nearest area office of the Employee Benefits Security Administration U.S. Department of Labor listed in the telephone directory, or your [Plan Administrator](#). You may also write to U.S. Department of Labor, 200 Constitution Avenue, NW, Washington DC 20210, or by calling their hotline.

Interpretation of Plan Benefits

Hopefully, this booklet presents a clear and meaningful explanation of your Plan benefits. For future reference, you should file this booklet with your other valuable papers. Remember, in the event of any differences of interpretation between this booklet and the official Plan and Trust documents, the official documents shall govern. The Plan has been designed to meet the requirements of Section 401 of the Internal Revenue Code and, therefore, its installation and continued maintenance is contingent upon continued approval of the Internal Revenue Service.

26. Reporting and Disclosure

What is A Summary Annual Report?

Each year, you are entitled to receive a summary of the Plan's annual financial report. The [Plan Administrator](#) is required to furnish you with a copy of this summary financial report. This report is in addition to your individual account statement.

What is An Annual Benefit Statement?

At least once each year, you will receive a statement of your [Account](#) that is your retirement benefit and your Vested amount, if any.

How Will My Participation in This Plan Affect My IRA?

Always see your personal advisor to determine what type of IRA is best for your personal circumstances. There are many types of IRAs to choose from. However, your participation in this Plan may affect whether you can deduct the contributions you make. [Information](#) is provided to you in many forms so be sure you read the material and ask questions of your tax or investment advisor.

Plan Information Directory

Plan and Trust Name: HEALTH CONSULTANTS OF VIRGINIA, INC.
PROFIT SHARING PLAN

Effective Date: June 1, 1996

Amended/Restated Effective Date: January 1, 2009

Plan Number: 001

Plan Sponsor: Health Consultants of Virginia, Inc.
1800 Glenside Drive, Suite 103
Richmond, VA 23226-3710

Sponsor's Tax Identification Number: 54-1674341

Sponsor Telephone Number: (804) 285-0100

Plan Administrator: Health Consultants of Virginia, Inc.
1800 Glenside Drive, Suite 103
Richmond, VA 23226-3710

Plan Administrator Telephone Number: (804) 285-0100

Plan Administrator Representative: Ms. Cynthia Lowry

Plan Administrator Email Address: clowry@sleepcenter.org

Plan Trustee: Richard A. Parisi
1800 Glenside Drive, Suite 103
Richmond, VA 23226-3710

Trustee Telephone Number: (804) 285-0100

A Helpful Hints Guide to the Meaning of Terms

SPD Glossary

Account -

The sum total of the types of contributions into the plan on your behalf: employer profit sharing, salary deferrals, employee rollovers, and any other contribution to the plan.

Additions -

Allocations to your **Account** can include many different types of funds. For instance, if your employer contributes to your **Account**, that is one source of contributions. If the Plan allocates "**Helper**" **Contributions** to the Plan, that is another potential source of contributions that could be allocated to your **Account** and credited towards your annual "additions" limit.

Anniversary Date -

The Plan's Anniversary Date is the 31st day of each December.

Break In Service -

If you terminate employment and are rehired, you may lose credit for prior service under the Plan's Break in Service rules. For eligibility purposes, you will have a Break in Service if you complete less than 501 Hours of Service during the computation period used to determine whether you have a **Year of Service**.

Generally, you will not have incurred a Break in Service during the first twelve months of a leave of absence taken because of your pregnancy, birth of your child, the placement of a child with you for adoption and/or child care immediately following the child's birth or placement for adoption. However, you must be able to establish that a leave of absence qualifies as a maternity or paternity leave.

COLA - Cost of Living Adjustments -

IRS may change the values used to administer the Plan as noted in the SPD. Ask your **Plan Administrator** if you need these amounts.

Compensation -

Section 3401(a) wages (wages for income tax withholding purposes).

Compensation does not include any taxable earnings from your Employer in excess of \$245,000 or such other amount established after January 1, 2009 by the Secretary of the Treasury. Effective in 2002, the maximum Compensation that could be considered was \$200,000 and that amount has been increased since then by a cost of living adjustment the Internal Revenue Service announces each year.

Deferred Vested Benefit -

Deferred Vested Benefit is the value of your **Account** that you are eligible to receive as a benefit, but have chosen to leave in the Plan. However, if you own 5% or more of the Employer, you will need to begin distributions at age 70 $\frac{1}{2}$ under the Minimum Distribution Rules.

Eligible Employee -

Not all workers can or will become a **Participant** in the Plan. Be sure you are in the class of employees who are eligible to participate. You must also be classified as a W-2 recipient. If your earnings are reported on Form 1099, you are not eligible to participate in the Plan.

Entry Date -

This is the date that you become a **Participant** in the Plan and are able to receive Employer Contributions and/or make salary deferrals.

ERISA -

Employee Retirement Security Act of 1974. This legislation created certain rights and responsibilities for Employers who sponsor retirement plans and Employees who participate in them.

Five Year Break In Service -

The five-year Break in Service rule applies only to Participants who had no Vested interest in the Plan when employment terminated. If you were not Vested in Employer Contributions when you terminated employment and you have five 1-Year Breaks in Service, all the service you earned before the 5-year period no longer counts for eligibility purposes. Thus, if you were to be rehired, you would have to satisfy any minimum service requirements under the Plan as if you were a new employee who had never participated in the Plan.

If you are a veteran and are reemployed under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), your qualified military service may be considered service with the Employer. If you believe this law may affect you, ask the **Plan Administrator** for more information.

Forfeiture -

The portion in your **Account** of any Employer Contributions that are not Vested on the date you terminate employment is called a Forfeiture. Forfeitures may be used to:

- ⊗ pay the Plan's expenses.
- ⊗ reduce the amount of Employer Contributions paid by the Employer to the Plan.

"Helper" Contributions -

"Helper" contributions may be used to satisfy additional required **Non-Discrimination Testing**.

Highly Compensated Employee (HCE) -

An HCE is an Employee who performed services for the Employer during the Plan Year or during the preceding twelve-month period, and is in one or more of the following groups: (a) is a Five Percent Owner; (b) generally has Compensation in excess of \$75,000 (as adjusted each year); or (c) has 415 Compensation in excess of \$50,000 (as adjusted each year) and is part of the top-paid twenty percent (20%) group of Employees (based on Compensation for the relevant year).

Hour of Service -

You will be credited with your actual Hours of Service for:

- (a) each hour for which you are directly or indirectly compensated by the Employer for the performance of duties during the Plan Year;
- (b) each hour for which you are directly or indirectly compensated by the Employer for reasons other than the performance of duties (such as vacation, holidays, sickness, disability, lay-off, military duty, jury duty or leave of absence during the Plan Year); and
- (c) each hour for back pay awarded or agreed to by the Employer.

You will not be credited for the same Hours of Service both under (a) or (b), as the case may be, and under (c). For leave of absence, you will be credited with a maximum of 501 Hours of Service, provided you return to work for the Company. The Administrator shall credit you with an Hour of Service from the Employer records of hours worked, and hours for which you are paid by the Employer. Special rules apply for leave taken as a member of the Armed Forces.

Investment Returns -

In addition to contributions, your account in the Plan is credited with any gains, losses or change in market value.

Misclassified Employees -

If you are a 1099 worker but are later found to be misclassified, you will be eligible to participate in the Plan Year following the later of (1) the first day of the Plan Year following the date the misclassification was discovered, or (2) the date the eligibility criteria were met.

Non-Discrimination Testing -

Many government requirements distinguish your employer's retirement program from your personal IRA. Non-discrimination testing is one of many administrative components that your employer is required to fulfill as part of maintaining the retirement program.

Non-Vested Participant -

A **Participant** who does not have any nonforfeitable right to any amount in their account.

Participant -

For purposes of this Plan, the term "Participant" includes the beneficiary of a Participant who has died or the Alternate Payee for a Participant who agreed to a Qualified Domestic Relations Order. After you have (1) determined that you are an **Eligible Employee**, (2) have satisfied the eligibility criteria for participation in the Plan; and (3) are employed on your **Entry Date**; and (4) completed any required paperwork to establish your account in the Plan, you are a Participant in the Plan. Until you begin making salary deferrals or receiving employer contributions, you will be a Participant with a zero-value account.

Plan Administrator (or Administrator) -

Responsible for the day-to-day operation of the Plan. This individual represents the Employer in all aspects of duties to the Plan. The Administrator maintains the Plan records - including your account information. The Administrator may designate others to perform some or all of the duties necessary to operate the Plan.

The Administrator has the power to determine all questions arising in connection with the administration, interpretation and application of the Plan's terms. In the event the Plan does not contain a specific provision, the Administrator's determination is binding and conclusive.

Plan Sponsor -

Health Consultants of Virginia, Inc.
1800 Glenside Drive, Suite 103
Richmond, VA 23226-3710

Plan Year -

Shall mean a consecutive twelve (12) month period of time ending on the Anniversary Date of each year.

Qualified Domestic Relations Order -

A "qualified domestic relations order" is defined as a decree or order issued by a court that obligates you to pay child support or alimony, or otherwise allocates a portion of your assets in the Plan to your spouse, former spouse, child or other dependent. If a qualified domestic relations order is received by the [Plan Administrator](#), all or a portion of your benefits may be used to satisfy that obligation.

Required Minimum Distribution -

By April of the year following age 70 $\frac{1}{2}$, you are required to receive a distribution of part of your Plan Account. The law requires a special calculation of this amount and it is referred to as a Required Minimum Distribution (RMD). Most Participants are eligible to defer receipt to a future year unless you are a 5% or more owner of the Employer.

If you are a 5% owner of the Employer, you must begin to receive a minimum distribution by April 1 following the [Plan Year](#) in which you attained age 70 $\frac{1}{2}$. There is a penalty for failure to receive this distribution. The penalty is 50% of the amount that should have been taken.

Roth Deferral -

The advantage to a Roth Salary Deferral is that it grows in the Plan on a tax-free basis. However, a Roth Salary Deferral shall not qualify for this special federal income tax treatment if a distribution is made within the five-tax-year period beginning with the first tax year for which the Participant made a Roth Deferral to any Account established for the Participant under this Plan.

If you are a HCE, any distributions to you made from the plan due to failure of the salary deferral nondiscrimination tests shall first be made from any Traditional Deferrals made during the Plan Year. Should that amount not satisfy the required refund amount, distribution will be made from any Roth Deferrals you have made during the Plan Year.

Rule of Parity -

Years of Service before your date of termination must be taken into account for participation (eligibility) purposes after a [Break in Service](#) unless the total one-year Breaks in Service equal or exceed the greater of (a) [five consecutive One-year Breaks in Service](#) or (b) the total number of Years of Service you earned before the [Break in Service](#). Generally this means if you are rehired within five years, you will be credited with your pre-break Years of Service.

You should keep records of your credited hours. This information is provided to you at least once annually on your benefit statement.

Salary Deferral -

Salary Deferral as referred to in the SPD can be a Traditional Deferral or a Roth Deferral.

Traditional Salary Deferral -

This is a [Salary Deferral](#) election that is before federal and state income taxes. Your Account in the Plan will build on a tax deferred basis - meaning you will pay tax when you receive your Account in the future.

Valuation Date -

The Plan's Valuation Date for payment of benefits is annually for Employer Contributions. This means that your election form for benefits will be paid based on the Valuation Date closest to the receipt of your election form. There are other dates that may delay the distribution of your benefits - some of these are noted throughout the SPD. However, your distribution could be delayed if your Employer has not funded

the last contribution due to your account. Reasonable delays in processing your distribution should be expected from the date you submit your Benefit Election Form.

Vested or Vested Benefit -

This is the amount you are entitled to, based on the Plan's [Vesting Schedule](#).

Vesting Schedule -

The vesting schedule is chosen by your employer. The SPD lists the schedule and how a vesting [Year of Service](#) is credited to each Plan [Participant](#). It is your responsibility to verify the vesting service with which you have been credited with. After 90 days of providing your account statement showing your Vested amount in employer contributions to the plan, the Trustee deems the statement acceptable. After that time, if you can provide employer reports showing a different amount of service to the employer, the Employer, in its discretion, may review your information.

Year of Service -

You will have completed a Year of Service if, at the end of your first twelve months of employment with the Employer, you have been credited with at least 1,000 Hours of Service. If you have not been credited with 1,000 Hours of Service by the end of your first twelve months of employment, you will have completed a Year of Service at the end of any following [Plan Year](#) during which you were credited with 1,000 Hours of Service.

All your credited Years of Service with the Employer will be counted for vesting purposes, except the Years of Service described below:

- ⊗ Years of Service which may be disregarded because of a "[Break In Service](#)".
- ⊗ Years of Service with the Employer before you attained age 18.

You will be credited with a Year of Service for vesting if you work 1,000 Hours of Service during the [Plan Year](#). Any amounts that are not Vested become a Forfeiture.

If you are a veteran and are reemployed by the Employer under the Uniformed Services Employment and Reemployment Rights Act of 1994, your qualified military service may be required to be taken into account for vesting purposes. If you think this law may apply to you, ask for more information from the [Administrator](#).

Additional Resources

There are many places you can find easy to understand, generic and unbiased information and advice. We list some of these resources for you:

1. [Notice of Distribution](#) - This is the Notice you will receive upon a distribution of your plan benefits. Read it whenever you want to understand the options you have and the tax consequences to you.
2. The American Institute of Certified Public Accountants - has a few places of award-winning information: www.360financialliteracy.org, or if you are a young adult: www.feedthepig.org.
3. Virginia Society of Certified Public Accountants - also has award-winning and notable educational information at www.financialfitness.org.
4. The Internal Revenue Service - has a publication for retirement income: www.irs.gov/publications/p575/index.html.

**HEALTH CONSULTANTS OF VIRGINIA, INC. PROFIT SHARING PLAN
PLAN SPECIFICATIONS
QUICK REVIEW**

<u>Original Effective Date:</u>	June 1, 1996
<u>Restatement Effective Date:</u>	January 1, 2009
<u>Eligibility for Profit Sharing and Salary Deferrals:</u>	1 Year of Service & Age 21.
<u>Entry Dates:</u>	July 1 or January 1 following completion of the eligibility requirements. This is the day on which a participant can begin to defer salary.
Example:	Ken was hired 8/1/08. His One Year of Service is up on 8/1/09, but he enters the plan on January 1, 2010.
<u>Normal Retirement Age:</u>	55th birthday. This date means that a participant who is not otherwise vested, will be 100% vested and can begin to receive distributions, <u>even if</u> the employee does not actually retire.
<u>Salary Deferral Modifications:</u>	Allowed semi-annually.
<u>Employer Profit Sharing Contribution:</u>	Discretionary contribution using a new comparability allocation formula.
<u>Requirement to Receive Employer Profit Sharing Contributions & Forfeitures:</u>	Participant must have completed 1,000 Hours of Service and be employed on the last day of the Plan Year.
<u>Vesting for Profit Sharing:</u>	0% for years of service less than 2; 20% for each year of service greater than 2; and 100% for 6 or more years of service. 100% vested upon the occurrence of death, disability or Normal Retirement Age.
<u>Distribution for employees terminating employment before retirement:</u>	As soon as practical during the Plan Year in which termination of employment occurs.
<u>Hardship Distribution:</u>	Permitted but restricted. See Hardship Policy.

(Any time complex provisions are simplified, not all of the requirements are included. This is just an overview. Refer to the plan documents for full details.)

HEALTH CONSULTANTS OF VIRGINIA, INC. PROFIT SHARING PLAN

Plan Number: 001

EIN: 54-1674341

Summary of Material Modifications

The terms of the Plan relating to payments made to former employees have been changed to incorporate the following provisions:

1. The provisions of the Plan setting forth the definition of compensation for purposes of IRC §415 (hereinafter referred to as "415 Compensation"), as well as compensation for purposes of determining Highly Compensated Employees pursuant to IRC §414(q) and for top heavy purposes under IRC §416 (including the determination of Key Employees), has been modified to: Include payments for unused sick, vacation or other leave and payments from nonqualified unfunded deferred compensation plans; exclude salary continuation payments for Participants on military service; and exclude salary continuation payments for disabled Participants.
2. Amounts earned in one Limitation Year but paid in a subsequent Limitation Year shall be excluded from the Limitation Year for which it is earned and counted as compensation for 415 Compensation in the Limitation Year it is paid. Thus, the "administrative delay" compensation or the "first few weeks of employment" rule does not apply for purposes of 415 Compensation.
3. The provision of the Plan setting forth the definition of compensation for allocation of an Employer contribution (hereinafter referred to as "Plan Compensation") is modified to provide for the same adjustments to Plan Compensation (for all contribution types) that are made to 415 Compensation pursuant to this Amendment.
4. Annual Additions are the amount that your account in the Plan is credited with from the Employer and your deferred salary each year. This amendment clarifies that amounts that are paid to the Plan as Employer restorative payments will not be counted towards your Annual Additions each year.

Payments made to a former employee are not subject to the salary deferral election that was in effect while they were an eligible employee under the Plan. Thus, salary deferrals will no longer be in effect after your date of termination of employment, except the paycheck following and inclusive of your date of termination of employment shall reflect the salary deferral election you had in effect prior to your date of termination.



Beneficiary Designation

For Your Plan Benefits

There are *three* important documents you must use as a Plan Participant - this is one of them!

In the event you die before you receive your benefits
Tell us what you want us to do

And...keep your instructions to us current!!

Designation Of Beneficiary

[Note: Read the Instructions on the reverse side.]

To the Trustee(s) of the HEALTH CONSULTANTS OF VIRGINIA, INC. PROFIT SHARING PLAN ("Plan"):

My name is _____. I am married single. I designate the following person or persons, trust or trusts as primary and secondary beneficiaries of any death benefit due by reason of my participation in the Plan:

Primary Beneficiary: _____ Relationship: _____ Address: _____ _____ _____	Secondary Beneficiary: _____ Relationship: _____ Address: _____ _____ _____
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All sums payable under the Plan by reason of my death should be paid to the primary beneficiary, if he or she survives me, and if no primary beneficiary shall survive me, then to the secondary beneficiary, and if no named beneficiary survives me, then pay all amounts in accordance with the Plan. **NOTE: The Trustee shall reduce the death benefit payable to a Beneficiary to the extent necessary to satisfy the Plan's spousal survivor annuity obligation, if any, under the Plan.**

I reserve the right to revoke or change any beneficiary designation. I hereby revoke all prior designations (if any) of beneficiaries and secondary beneficiaries.

Date of this Designation

Signature of Participant

Note: certain designations of beneficiary by a married participant require spousal consent. You should consult the instructions for designation or changing a beneficiary regarding the spousal consent requirements.

Consent Of Spouse

I, the undersigned spouse of the Participant named in the foregoing "designation of beneficiary," hereby certify I have read the designation of beneficiary and fully understand the property subject to the designation includes property in which I may possess a beneficial interest of not less than fifty percent (50%) of my spouse's benefit under the Plan, provided I survive my spouse. Being fully satisfied with the provisions of the designation, I hereby consent to and accept the beneficiary designation, without regard to whether I survive or predecease my spouse. This consent is irrevocable unless my spouse changes the designation. If my spouse changes the designation, I understand I must file a similar consent to the new designation, or my consent is no longer effective. I have executed this consent this ____ day of _____, 20__.

Signature of Spouse

Signature of Spouse witnessed this ____ day of _____, 20____, in the presence of:

Plan Representative (Signature)

or

State Of _____
City/County Of _____

Before Me, the undersigned, a Notary Public, personally appeared _____, who executed the above Consent of Spouse as a free and voluntary act.

In Witness Whereof, I have signed my name and affixed my official seal this ____ day of _____, 20__.

My commission expires: _____

Notary Public

This Designation of Beneficiary is Legally Binding and Will Affect Your Estate Planning. The Plan Representatives Recommend That You Seek Legal Advice Prior to Execution and Delivery to the Plan Trustee.

Instructions for Designating or Changing A Beneficiary

Spousal Consent Considerations. The reverse side of the Designation of Beneficiary form contains a spousal consent statement. If you are married and your spouse does not consent to a beneficiary designation which states someone other than your spouse as the Primary Beneficiary, your designation may not be effective as to all or a portion of your accrued benefit under the plan. A plan representative or a notary public must witness your spouse's consent or the consent will not be valid.

If you are not married when you sign the beneficiary designation, you may designate any beneficiary without limitation. However, if you later become married, you should sign a new beneficiary designation and inform the plan administrator of your change in marital status.

If you are married when you sign this beneficiary designation, and you name your spouse as Primary Beneficiary, your spouse does not need to sign the bottom portion of the beneficiary designation. You should notify the plan administrator if there is a change in your marital status.

How to Complete the Designation. Sometimes, Participants want to incorporate their death benefits with their overall estate plan or have different types of beneficiaries. Read on.

- * To designate one person, insert the name and relationship in the spaces provided. If your beneficiary is not related to you, show relationship as "Friend." Always designate a secondary beneficiary in the event your primary dies before you.
- * If you wish to name your estate, insert "My Estate" in the blank space.
- * Show a member of a religious order in this manner: (this is an example only) Keri J. Roberts, niece, known in religious life as Sister Keri Elizabeth.
- * It is inadvisable to name a beneficiary who is a permanent resident of a foreign country. If you name a person who is a permanent resident of a foreign country, furnish a full address, telephone number and social security number, if they have one.
- * If you wish to designate a trust, insert the name of the trustee, trust name and its adoption date in the blank space using language substantially as follows: (this is an example only)

"To X Bank as Trustee, or its successor Trustee, of the Brittany N. Sydney Trust dated the 26th day of May, 1984, including any amendments to the Trust."

If you designate a Trust as a beneficiary, its Trustee must provide documentation of the Trust as may be requested by the Plan Administrator. The documentation must be provided by the October 1st following the calendar year of your death.

- * More than one beneficiary - here are the most common examples:

Three or more beneficiaries	Ken O. Smith, brother; Tyler I. Smith, brother; and Ryann N. Smith, sister
Unnamed children	My children living at my death
One contingent beneficiary	Lois P. Smith, wife, if living; otherwise, Collin S. Smith, son; Katelyn B. Smith, daughter; and Jennifer Y. Smith, daughter
Unnamed children as contingent beneficiaries	Mamie P. Smith, wife if living; otherwise, my children living at my death

If one of the above examples fits your wishes, insert your designation using the generic language of the selected example as a guide for what to include.

- * If none of the above is suitable, explain in the blank space what is desired, or attach a note.

NOTE: Unless you provide otherwise when you complete the beneficiary designation, the Trustee will pay your benefit equally between (or among if there are more than two) the living beneficiaries.

IRA Deductions and Your Retirement Plan

What Should I Be Made Aware of About My IRA Contributions?

The purpose of this material is to give you a general explanation of individual retirement arrangements (IRAs) and how the company's retirement plan affects the deduction for your IRA contribution. It is not intended to be complete coverage of the rules affecting IRAs.

Generally, you can take a deduction for the amount of contributions that you are allowed to make to your IRA. However, if you are covered by an employer retirement plan, your IRA deduction may be reduced or eliminated, depending on the amount of your income.

Who is Covered by an Employer Plan?

The Form W-2, Wage and Tax Statement, you receive at the end of the year includes a box to indicate whether you are covered for the year. The form should have a check in the "Pension Plan" box if you are covered. If you are not certain whether you are covered by your employer's retirement plan, you should ask your employer.

What is an Employer Retirement Plan and Which Plans Are Covered by These Rules?

An employer retirement plan is one that an employer sets up for the benefit of its employees. For purposes of the IRA deduction rules, an employer retirement plan includes the plan sponsored by your Employer.

When Am I Considered "Covered"?

Special rules apply to determine whether you are considered "covered" by a plan for a tax year. These rules differ depending on whether the plan is a defined contribution or defined benefit plan.

Defined contribution plan. A defined contribution plan is a plan that provides for a separate account for each person covered by the plan. Benefits are based only on amounts contributed to or allocated to each account. Types of defined contribution plans include profit-sharing plans, stock bonus plans, and money purchase pension plans. Generally, you are considered covered by a defined contribution plan if amounts are contributed or allocated to your account for the plan year that ends within your tax year.

Example. Company A has a money purchase pension plan. Its plan year is from July 1 to June 30. The plan provides that contributions must be allocated as of June 30. Bob, an employee, leaves Company A on December 30, 2008. The contribution for the plan year ending on June 30, 2009, is not made until February 15, 2010 (when Company A files its corporate return). In this case, Bob is considered covered by the plan for his 2009 tax year.

Non-vested employees. If your employer sets aside money under a plan during the year for your retirement, you are considered covered by a plan that year. It does not matter if you are not yet vested (given a legal right to the money).

Marital status. Whether you are considered married or single depends on your filing status on the last day of the tax year. If you were married to two different spouses during the same year, you are considered married for the year for this purpose to the spouse to whom you were married at the end of the year.

Death of spouse. If your spouse died during the year, and you file a joint return as the surviving spouse, coverage by an employer retirement plan for that year is determined as if your spouse were still alive.

Married filing a joint return. You are considered covered by a plan if you (not your spouse) are covered by a plan and you file a joint return.

If you are married filing a separate return and you are not covered by an employer retirement plan, but your spouse is, you are considered covered if you and your spouse lived together at any time during the year.

When Am I Not Covered?

You are not covered if either you or your spouse is covered for any part of the year by an employer retirement plan.

Full deduction. If neither you nor your spouse is covered for any part of the year by an employer retirement plan, you can take full IRA deduction for contributions of up to \$4,000 (\$5,000 if you are age 50 or older) or 100% of compensation, whichever is less.

Partial or no deduction. Your deduction begins to decrease (phase out) when your income rises above a certain amount and is eliminated altogether when it reaches a higher amount. The amounts vary depending on your filing status. Even if your spouse is covered by an employer retirement plan, you may be able to deduct your contributions to an IRA if you are not covered by an employer plan. The deduction is limited to \$4,000 and it must be reduced if your adjusted gross income on a joint return is more than \$156,000 but less than \$166,000. Your deduction is eliminated if your income on a joint return is \$160,000 or more.

Adjusted Gross Income Limitation

The effect of income on your deduction, as just described, is sometimes called the adjusted gross income limitation (AGI limit). To compute your reduced deduction, you must first determine your modified adjusted gross income and your filing status.

Modified adjusted gross income (Modified AGI) is defined as follows:

If you file Form 1040A - the amount on the page 1 "total income" line, or

If you file Form 1040 - the amount on the page 1 "adjusted gross income" line, but modified by figuring it without taking any IRA deduction or any foreign earned income exclusion and foreign housing exclusion or deduction.

Note: If you received **social security** benefits, use the special worksheets in IRS Publication 590. For complete details, obtain a copy of this free publication to figure your Modified AGI.

Deduction phase out. Your IRA deduction is reduced or eliminated entirely depending on your filing status and modified AGI as follows (for 2009):

If your filing status is:	Your IRA deduction is reduced if your modified AGI is within the phase-out range of:	Your deduction is eliminated if your modified AGI is:
Single, or Head of Household	\$53,000 - \$63,000	\$63,000 or more
Married-joint return, or Qualifying widow(er)	\$85,000 - \$105,000	\$105,000 or more
Married-separate return	\$-less than \$10,000	\$10,000 or more

Nondeductible Contributions

Although your **deduction** for IRA contributions may be reduced or eliminated because of the adjusted gross income limitation (see Deductible Contributions, earlier), you can still make **contributions** to your IRA of up to \$4,000 (\$8,000 for a regular and a spousal IRA combined; \$9,000 if only one of you is age 50 or older and \$10,000 if you both are age 50 or older) or 100% of compensation, whichever is less. The difference between your total permitted contributions and your total deductible contributions, if any, is your **nondeductible contribution**.

As long as your contributions are within the contribution limits just discussed, none of the earnings on any contributions (deductible or nondeductible) will be taxed until they are distributed. You will also have a cost basis in your IRA if you make nondeductible contributions. Your **basis** is the sum of the nondeductible amounts you have contributed to your IRA less any distributions of those amounts. When you withdraw (or receive distributions of) these amounts, you can do so tax-free.

Note. Generally, you cannot withdraw only nondeductible contributions. Be sure to look at the new Roth IRA as an alternative to the nondeductible IRA.

(Adapted from IRS Publication 590. For complete details, obtain a copy of this free Internal Revenue Service publication.)