



STATEMENT OF SERVICES & FEES

A. DISTRIBUTION SERVICES

i. Full Service Processing - \$45 per Participant

PenChecks Trust facilitates the entire distribution process from beginning to end – from providing and collecting participants' benefit elections to processing all payments and tax reporting. The TPA or Sponsor registers the Sponsor and Plan online with PenChecks Trust and directs Plan assets and basic Participant data (i.e. name, SSN, DOB, address, etc) to PenChecks Trust. PenChecks Trust will:

- ✓ Notify the TPA/Sponsor upon receipt of Plan assets.
- ✓ Notify Participant of the pending distribution and direct them to PenChecks Trust Participant Benefit Election Website. When disclosure to Participants of specific alternative benefits is required to be included in the Participant notice, PenChecks Trust must be provided all such benefits. PenChecks Trust is not responsible for the calculation of any such benefits.
- ✓ Provide required IRS 402(f) Special Tax Notice.
- ✓ Provide access to the PenChecks Trust Benefit Election Website where Participants can quickly and securely log on and elect to rollover their funds to an IRA or new employer Plan or take a cash lump sum. Paper forms are available.
- ✓ Disburse funds via Check, Wire, ACH or a Prepaid Card according to the instructions provided.
- ✓ Withhold mandatory/voluntary Fed /State taxes, remit taxes to taxing authority, and file all necessary Fed/State tax returns (i.e. 1099R, 945, 1096, etc).
- ✓ Monitor and resolve all returned/uncashed disbursements and all expired Participant notices. Perform address searches and update address as needed.
- ✓ Provide 24/7 online access to PenChecks Pay Portal (P3) to review history, distribution status, generate reports, or make additional distribution requests.

ii. Payment Only Processing - \$35 per Participant

PenChecks Trust processes all participant payments, Fed & State Tax Withholding, and Tax Returns (i.e. 1099R, 945, 1096, etc). The TPA/Sponsor notifies Participants of the pending distribution, collects the benefit election data, registers the Sponsor and Plan online with PenChecks Trust and directs Plan assets and Participant benefit election data to PenChecks Trust. PenChecks Trust will:

- ✓ Notify TPA/Sponsor upon receipt of Plan assets.
- ✓ Provide access to PenChecks Pay Portal (P3) where TPA/Plan will bulk upload or manually enter all necessary Participant benefit election information to disburse funds (i.e. Name, SSN, DOB, Address, Account Balance, Distribution Type, Tax Code, etc).
- ✓ Disburse funds via Check, Wire, ACH or Prepaid Card according to the instructions provided.
- ✓ Withhold mandatory/voluntary Fed and State taxes, remit withheld taxes to taxing authority, and file all necessary Fed and State tax returns (i.e. 1099R, 945, 1096, etc).
- ✓ Monitor and resolve all returned/uncashed disbursements. Perform address searches as needed.
- ✓ Provide 24/7 online access to PenChecks Pay Portal (P3) to review history, distribution status, generate reports, or make additional distribution requests.

iii. Recurring Benefit Payments - Price varies by frequency (see below)

PenChecks Trust provides recurring benefit payment processing services for Plans with recurring/periodic annuity payments. The TPA/Sponsor registers the Sponsor, Plan and Participant(s) with PenChecks Trust. After the one time registration/upload of Plan and Participant information (One-time participant set-up fee of \$5 per Participant) PenChecks Trust will:

- ✓ Provide for Monthly (\$6), Quarterly (\$12), Semi-Annual (\$20), or Annual (\$35) payment frequencies.
- ✓ Invoice the TPA/Plan for distribution funds Quarterly or Monthly.
- ✓ Individual or Bulk upload of initial Plan and Participant information. \$5 per Payment Change thereafter.
- ✓ Disburse funds via Check, ACH or Prepaid Card according to initial registration.
- ✓ Withhold Fed /State taxes, remit taxes to taxing authority, and file all necessary Fed/State tax returns (i.e. 1099R, 945, 1096).
- ✓ Perform Weekly Death Audits and provide an annual Participant tax withholding inquiry.
- ✓ Monitor and resolve all returned/uncashed disbursements. Perform address searches as needed.

B. IRA SERVICES

i. Express (Standard) Default / Missing Participant IRA - Set-up Fee is 20% of Participant's account, up to maximum of \$100

The TPA/Sponsor directs Plan assets and all necessary Participant data to PenChecks Trust. There is no account minimum. PenChecks Trust will:

- ✓ Notify Sponsor/TPA upon receipt of Plan Assets.
- ✓ Provide access to PenChecks Trust Pay Portal where TPA/Plan Sponsor will bulk upload or manually enter all necessary Participant data in order to establish the IRA (i.e. Name, SSN, DOB, Address, Account Balance, etc).
- ✓ Establish a Safe Harbor Default (Auto Rollover)/Missing Participant IRA on behalf of the participant according to DOL Safe Harbor Regulations 2550.404a-2 and 404a-3, respectively.
- ✓ Register Participants with the National Registry of Unclaimed Retirement Benefits, an online searchable database of missing Participants. A Participant can search to find their benefit. If a match results, PenChecks Trust and TPA/Sponsor are notified.
- ✓ File all appropriate Federal and State tax returns (i.e. Forms 1099R, 945, 5498, etc).
- ✓ Generate and issue the required participant copy of the 1099R (in the distribution year) and Form 5498 each year.
- ✓ Perform address search as needed for returned mail/notices and annually to update Participant address included on form 5498.
- ✓ Provide 24/7 access to review history, current status of distribution, generate reports, or make additional distribution requests.

ii. Premier Fiduciary Service Default/Missing Participant IRA - Set-up Fee is 20% of Participant's account, up to maximum of \$100

The TPA/Sponsor directs Plan assets and all necessary Participant data to PenChecks Trust. PenChecks Trust will provide all benefits included in the Express service (above) as well as comply with all DOL FAB 2014-01 requirements for Participant accounts greater than \$500. The additional services include:

- ✓ Perform an address search for all Participants, consistent with Dept of Labor FAB 2014-01, and update as necessary.
- ✓ Notify Participants via certified mail of pending distribution, Plan's intent to establish a DMP IRA if Participants are unresponsive and request Participant to contact PenChecks Trust in a timely manner to make a benefit election.
- ✓ Notify Participants' designated beneficiary if provided by Sponsor and request beneficiary's assistance in locating the missing Participant.
- ✓ Direct all responsive Participants to the PenChecks Trust Benefit Election Website where Participants can safely and simply log on and elect to rollover their funds to an IRA or new employer Plan, take a cash lump sum, or create an IRA to rollover their funds into.
- ✓ Disburse funds to responsive Participants via Check, Wire, ACH or Prepaid Card according to the instructions provided.
- ✓ Establish a Default/Missing Participant IRA for those non-responsive Participants in accordance with DOL Safe Harbor Regulations 2550.404a-2 and 3, handle all future Participant interaction, and assist Participants in collecting/transferring their Default/Missing Participant IRA elsewhere.

iii. Default/Missing Participant IRA Administration, Distribution Services and Fees - Charged to each Participant's account

- ✓ IRA Administration Fee - \$45.00 per year assessed to each Participant's account (charged monthly at \$3.75) by the custodian.
- ✓ Distribution Fee - After a Default/Missing Participant IRA has been established, in order to cover the costs incurred with processing the distribution, there is a distribution fee of 20% of the account balance not to exceed \$60 to rollover or cash out of the IRA. This distribution fee can be waived within the first 60 days of the establishment of a Default/Missing Participant IRA if the originating Plan Sponsor or Trustee provides participant identity verification and instructions for the new rollover or cash out. PenChecks Trust has a financial interest with respect to the ongoing administration of such IRAs.

C. UNCASHED CHECKS

i. Missing Distributee™ - Uncashed / Stale-dated Check Service - Set-up Fee is 20% of the Account Balance, up to maximum of \$100

When lump sum distributions go uncashed a benefit is still due to the Participant. However, if taxes are withheld, paid, and reported to the taxing authorities under a prior tax year a Default/Missing Participant IRA is not an option because a taxable distribution has occurred. These funds are no longer "qualified" as defined by the IRC, thus an IRA cannot be established. PenChecks Trust will assist Sponsors and Financial Institutions in resolving these accounts by attempting to locate the Participant/missing distributee and/or escheat the funds to the proper state authority. Sponsors and Financial Institutions transfer these non-negotiated, stale-dated checks to PenChecks Trust Missing Distributees, LLC (a wholly-owned subsidiary PenChecks) and provide basic payee information (name, ssn, address, dob, etc) to PenChecks Trust. PenChecks Trust will:

- ✓ Perform an address search; notify the payee of their unpaid benefit and how they can make a simple and secure online election to obtain their benefit.
- ✓ Validate the identity of any located missing distributee and upon validation, PenChecks Trust will pay out the missing distributee.
- ✓ For Participants/missing distributees that cannot be located, a Taxable Savings Account ("TSA") will be established for each Participant where it will earn interest until the funds are escheated.
- ✓ If the Participant/missing distributee is unresponsive, the funds will be escheated to the state of last known residence of the Participant where the original distribution was issued in accordance with that state's unclaimed property laws.

- ✓ If the uncashed check represents a rollover of qualified funds, the Participant can rollover their funds to an IRA or another qualified Plan that accepts rollovers.
- ✓ Other options are available depending on the source of the uncashed check.
- ✓ Issue any necessary tax reports (i.e. 1099-Int).
- ✓ Register Participants/missing distributees with the National Registry of Unclaimed Retirement Benefits, an online searchable database of missing Participants. A Participant can search to find their benefit. If a match results, PenChecks Trust and TPA/Sponsor are notified.
- ✓ Financial institutions, Sponsors or advisors wanting to use this service will need to sign a separate contract specific to the Missing Distributee™ Program.

ii. 1099R Only / Tax Payments - \$35 per Participant

Assist in issuing a 1099R for a pension distribution issued by a party other than PenChecks Trust and/or assist in submitting withheld taxes and filing necessary tax forms to Federal and State authorities.

iii. Participant Address Searches - \$15 per Participant (volume discounts apply)

Perform an address search for a missing Plan Participants. The search is performed based on the information provided by the Sponsor (i.e. SSN, name, last known address, DOB, etc). A summary report will be issued to the Sponsor by PenChecks Trust indicating if there are any matches or updates to the current address.

iv. Missing Distributee™ Account Administration, Distribution Services and Fees - Charged to each Participant's account

- ✓ TSA Administration Fee - \$45 per year assessed to each Participant's account (charged monthly at \$3.75) by the custodian.
- ✓ Distribution Fee - After a Missing Distributee™ Account has been established, in order to cover the costs associated with processing the distribution there is a distribution fee of 20% of the account balance not to exceed \$100 to distribute the funds from the account. This distribution fee can be waived within the first 60 days of the establishment of the Missing Distributee™ Account if the originating Plan Sponsor or Trustee provides participant identity verification and instructions for the cash out. PenChecks Trust has a financial interest with respect to the ongoing administration of such Missing Distributee™ accounts.

D. ADDITIONAL HANDLING FEES

Additional handling fees may apply depending on the specific elections of a TPA, Plan Sponsor and/or Participant. Additional Fees may include: ACH Transfer - \$20, Wire Transfer - \$30, Overnight Mailing - \$40, NSF - \$25, Reissue Check - \$25, Credit Bureau and PI Search – Market Rates (approx. \$300), Paper Copies of 1099Rs or Checks - \$50 per hour with a one hour minimum.

E. AVAILABILITY OF FUNDS

Funds designated for benefit payments must be made payable to PenChecks Trust Qualified Distribution Trust. Deposits transmitted by wire require 72 hours and checks/draft deposits require a minimum of five business days to clear before a benefit distribution can be processed.

DISCLOSURES

Due to factors which are beyond the control of PenChecks Trust, such as the time required for Participants to make benefit elections and/or negotiate their distribution checks, some earnings (float) will occur on the funds to be distributed. The float is used to defray operating and overhead expenses. Funds pending distribution are temporarily invested in FDIC insured money market or savings instruments. Since the time factors are different for each Plan and the rate of return on money market investments varies, it is not possible to calculate the precise amount of float that will be generated by any given deposit held for distribution. Based upon averages derived from the processing of thousands of distributions, use of the following formula will produce an average amount of float for each \$1,000 deposited for distribution processing: Average Daily Interest Rate of 0.0000164 x \$1,000 x 5 days of float on average = \$0.08 per \$1,000 deposit.

The National Registry of Unclaimed Retirement Benefits (NRURB) is a wholly-owned, open-use, public benefit company committed to helping individuals locate their lost or abandoned pension benefit distributions. As a public benefit corporation, the NRURB is non-profit. Additional information can be found at www.UnclaimedRetirementBenefits.com.