

Plan Name: _____

Plan Sponsor’s Annual Certification of Highly Compensated & Key Employees

One of the most important concepts in the administration of your qualified plan is proper classification of employees into the categories of Highly and Non-Highly Compensated and Key and Non-Key. Without the proper classification, many of the tests and requirements of the Internal Revenue Code will not be properly applied, and therefore the Plan will not qualify under the Internal Revenue Code. Confirmation of Highly Compensated & Key status is solely the responsibility of the Plan Sponsor and Plan Administrator as defined in the Plan Document.

Definitions of Highly Compensated Employees:

Any individual who either...

1 ...owns or owned directly or indirectly more than 5% of the outstanding shares or value of the business at any time during the 2004 or 2005 Plan Year (**any family member of a 5% owner also needs to be listed due to family attribution**).

OR...

2 ...earned more than \$90,000 during the preceding Plan Year (2004).

Definitions of Key Employees:

Any individual who...

1(P) ...owns or owned directly or indirectly more than 5% of the outstanding shares or value of the business at any time during the 2004 or 2005 Plan Year (**any family member of a 5% owner also needs to be listed due to family attribution**).

OR...

2(K) ...owns directly or indirectly more than 1% of the outstanding shares or value of the business, and who has compensation in excess of \$150,000.

OR...

3(K) ...is an officer (Must have true executive powers, Pres., V.P., Treas., Sec. Etc., not a title only) with compensation in excess of \$135,000 (Section 416(i)(1)(A)(i)).

Please complete the following chart for ALL employees & Family Members meeting any of the above criteria:

Employee Name	Circle Applicable Codes						% of Direct Ownership	Family Relationship to >5% owner
	1	2	1(P)	2(K)	3(K)	Family		
	1	2	1(P)	2(K)	3(K)	Family		
	1	2	1(P)	2(K)	3(K)	Family		
	1	2	1(P)	2(K)	3(K)	Family		
	1	2	1(P)	2(K)	3(K)	Family		
	1	2	1(P)	2(K)	3(K)	Family		

The Plan Sponsor and Plan Administrator hereby certify that for the Plan Year ending [] the above individuals comprise a complete listing of all current and ex-employees who meet at least one of the definitions of Highly Compensated and Key Employee listed above. The Sponsor and Administrator also acknowledge that The Pension Specialists, Ltd. has no other way of determining the status of employees for this purpose other than through representation made by the Plan Sponsor. The Plan Sponsor and Administrator hereby hold The Pension Specialists, Ltd harmless for any and all consequences and/or damages whatsoever that may result from misapplication of IRC rules, regulations, and procedures that may result due to a misrepresentation regardless of intention.

The Plan Sponsor and Administrator agree that work for any year will not be completed until a certification for that year has been completed, signed and delivered to The Pension Specialists, Ltd.

If you have any questions about classification, please contact your administrator for assistance.

Amount of Fidelity Bond Coverage for the period ended []: \$ _____

*** Please visit our website at Pensioninsider.com if you need a quote on Fidelity Bond Coverage.

Plan Sponsor Representative/Print Name

Plan Sponsor Representative/Signature

Date: _____