YOUR 401(K)PLAN

MADE EASY

-Merger & Transfer Procedures-

PROFESSIONAL EMPLOYER RESOURCES INC.

Do you have a prior plan? Our transfer and merger procedure is designed to efficiently transfer the assets in your prior plan, while taking the necessary steps to safeguard the qualifiedstatus of existing holdings within the Professional Employer Resources Retirement Savings Plan. Here's how it works:

1. The Adopting Employer completes the **Company Information Form** provided by BlueStar, which includes a request for information on the prior plan.

2. BlueStar then prepares a **Request for Information** letter addressed to the prior plan provider to be sent under the adopting employer's signature. The information requested of your prior plan provider covers a variety of Plan-related documentation, plan statements, compliance testing, and government filing.

3. Upon receipt of the requested information, BlueStar reviews the documentation. This review constitutes the Plan's due diligence of the prior plan to ensure that no tainted assets are merged or transferred into the Plan.

4. BlueStar then prepares and distributes a **Due Diligence Report** to the Adopting Employer and to the Plan. This report summarizes the status of the prior plan and identifies any Plan-related issues that may negatively impact the transfer/merger of the prior Plan.

5. Once the Plan has authorized the merger/transfer, BlueStar begins the merger process by preparing a Participant Notice, Blackout Notice, and Transfer Authorization Letter. Participants must receive notice of the impending blackout at least 30 days prior to the actual date of the merger/transfer.

6. At the same time, the Adopting Employer sends the **Transfer Authorization Letter** to the prior Plan provider, informing them of the liquidation date.

7. On the liquidation date, the prior plan provider liquidates the prior account and wires the funds to the Plan. Following the liquidation, the prior provider also sends final Plan reports summarizing each Participant's account balance by source on the date of the liquidation.

8. Upon receipt of the funds and the final Plan statements, BlueStar executes the necessary buys. The money is invested according to each Participant's current investment election.

9. If the prior plan was an individual plan, the Adopting Employer must arrange with the prior plan provider to file a final Form 5500, demonstrating that the Plan no longer holds assets.

Please know that this process will typically take 2 ½ to 3 months to complete and can take longer if there are delays in receiving the required information from your prior plan provider or if the due diligence review reveals problems with your prior plan.

If problems with your prior plan prevent the Plan from authorizing the merger/transfer of your prior plan, in most instances, corrections to your prior plan can be made. You may contract with your prior plan provider to make these corrections or contract separately with BlueStar to do so. Once these corrections are made, your plan can be merged/transferred into the Plan. If corrections are not made, your company will maintain 2 qualified plans. If your prior plan was an individual plan, you will need to continue to file Form 5500s each year that the plan is in existence. Special testing requirements will also need to be met to aggregate the two plans. Additional fees apply when special testing is necessary.