



## AUDIT REQUIREMENTS

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Audit requirements do not apply to plans that file Form 5500-EZ.

The audit requirement is also waived for a plan with fewer than 100 participants, but only if it satisfies one of the following conditions:

- At least 95% of plan assets are “qualifying assets”. A “qualifying asset” is an asset held by a regulated financial institution (such as a bank, insurance company, mutual fund, or registered broker-dealer), qualifying employer securities, and participant loans that are within plan and legal limits; or
- Any persons handling non-qualifying assets are bonded for the amount of assets that are not “qualifying assets.”

In addition, for any plan year for which the audit requirement is waived under one of these conditions, the Summary Annual Report (SAR) or Annual Funding Notice (AFN) for that year must include additional information.

**In order for us to correctly and completely prepare Form 5500 and the SAR/AFN, please provide the following information:**

**1. Do you elect to have the audit requirement waived for this plan year?**

*Yes (If the answer is "yes", please answer the following questions as well.)*

No.

**2. The right to waiver of the audit requirement is claimed because:**

- At least 95% of the assets as of the beginning of the year were “qualifying assets.”
- All persons who handle assets that are not “qualifying assets” are bonded for the amount of non-qualifying assets.

**3. If you checked 2.a. above, please list the names of all financial institutions and/or registered broker-dealers that issued or held assets at the end of the plan year and the amount held by each:**

Institution	Amount
_____	_____
_____	_____
_____	_____
_____	_____

**4. If you checked 2.b. above, please make sure item 6 of the Compliance Information Request Form is completed and also include a copy of the bond policy. See the attached Bonding Requirements memo for additional information.**

**Plan Administrator** \_\_\_\_\_ **Date** \_\_\_\_\_

The Employee Retirement Income Security Act passed by Congress in 1974, generally requires that, with respect to an employee benefit plan, every fiduciary (such as the Trustee and Administrator) as well as any other person who handles plan assets or funds be bonded. The bonding requirement is to protect against the risk that plan assets could be lost in the event of fraud or dishonesty. (Plans that file Form 5500-EZ are not subject to this requirement.)