

Your 5-Step Guide to Business/Plan Closure

1

Contact us with the future date you want to use as the plan termination date. We will use this to prepare Termination Packet 1, which we will email to you.

2

Once you receive Termination Packet 1, you must provide us with **all** of the following 4 items to move forward with the plan termination process:

ITEM 1: Electronically sign-off on **Termination Packet 1** pages (via DOCUSIGN) **no later than** the plan termination date you have chosen. The system will forward the signed pages to us.

***Please be sure to read page 2. It contains action items and crucial information about the page on Form 5310.**

ITEM 2: The Benetrends Accounting Department will send you a separate email. Once you receive it, go online and pay the \$1,500 plan termination fee.

ITEM 3: We will notify the team in our Documentation Department, who will prepare the **Termination Amendment** paperwork for you. Once that is ready, you will receive an email inviting you to electronically sign-off on that paperwork.

ITEM 4: Email us the **Final Formal Business Valuation** once you receive it from the Qualified Appraiser. Please refer to the sidebar for important information about this item.

3

Once we receive the **Final Formal Business Valuation**, the process will continue in one of two ways, depending on the valuation:

If the Final Formal Business Valuation comes back at a \$0 or Negative Value

We will prepare **Termination Packet 2** and can email it to you (along with instructions) within 48 business hours of receiving the 4 items noted above.

We will also email you a blank **Year-End Questionnaire** and a blank **Census File** for you to complete and email back to us.

If the Final Formal Business Valuation comes back at any positive value (i.e., more than \$0)

We will submit a request to the Benetrends, Inc. Processing Department. They will complete your **Final Stock Calculation** based on current ownership.

Once the Final Stock Calculation is completed, our plan Termination Department will email you **Termination Packet 2** (along with instructions). We will also email you a blank **Year-End Questionnaire** and a blank **Census File** for you to complete and email back to us.

In this situation, you must work with our Plan Termination Department to ensure that all money is liquidated out of all plan accounts for all employees. The Plan Termination Department will be able to provide you with specific instructions and details on all the paperwork they need from you in order for us to be able to complete your **Final Form 5500**.

4

Once our plan Termination Department receives all necessary documentation from you, we will submit the request to our Processing Department, who will prepare your **Final Form 5500** based on the appropriate plan year-end date. (This is usually the last day of the month in which you liquidate all money out of all plan accounts and provide all necessary paperwork to our Plan Termination Department.)

5

After our Processing Department completes your **Final Form 5500**, they will email you an invitation to electronically sign-off on that document, just as in previous years.

Important information about the appraisal process

Once you choose a **Qualified Appraiser to work with**, you will be responsible for telling the Appraiser about:

- Any and all assets the C-Corporation has.
- Any and all debts, liabilities, expenses and taxes that the C-corporation must pay.

This means that if you haven't already done so, you must speak with your CPA/Accountant so they can tell you how much in taxes the C-Corporation might have to pay, so you can provide this critical information to the Qualified Appraiser.

Please keep the following tips in mind:

- Formal Business Valuations are only good for **90 days**, and every valuation has an effective date. Try to get the most recent effective date possible.
- The Qualified Appraisers we refer our clients to normally provide an email with a **list of the back-up documentation** you will need to provide so that they can prepare the Formal Business Valuation.
- It can take the Qualified Appraisers that we recommend from **3 weeks to 3 months** to complete the Final Formal Business Valuation. This means it can take an average of approximately 4 months to complete the entire process.

4 Key Things You Need to Know About Completing Termination Packet 1

1

The first two pages of Termination Packet 1 are not numbered. Think of them as a cover letter that explains the plan termination process.

ACTION ITEM: You can keep these pages for your records.

2

One of the pages in Termination Packet 1 provides **information pertaining to Form 5310**. This is an **optional** filing to the IRS. Fortunately, it is **not required** in order to complete the plan termination process.

Why do we say “fortunately”? In the middle of the page about Form 5310, you will see three bullet points, which say:

- anyone who insists on filing Form 5310 will have to pay the IRS a separate fee of \$3,500
- anyone who insists on filing Form 5310 will have to pay Benetrends, Inc. a separate fee of \$2,000
- the IRS will force the filer to keep the plan open until the IRS provides them with an IRS Determination Letter, which can take 16-18 months.

ACTION ITEM:

To avoid paying the extra \$5,500 in fees noted above (as well as having to keep the plan open for another 1.5 years), do the following on the page pertaining to **Form 5310**:

1. Electronically sign off at the bottom of the page.
2. Directly above where you sign, you will see 2 line items:
 - Requesting that Benetrends, Inc. assist with the filing.
 - Not requesting.

Put an “x” or a check mark on the second line, where it says “Not requesting.”

3

Another page in Termination Packet 1 reads: **Notice of Plan Termination**.

ACTION ITEM:

- **If you have any employees (other than yourself) with a balance in a plan account:** You must complete a Notice of Plan Termination for each employee by typing the name of the employee and the current date at the top of that page, and providing the completed Notice to each employee. This is the legal way to notify your employees that you are going to be terminating the plan.
- **If you do not have any employees (other than yourself) with a balance in a plan account:** simply keep this page for your records.

4

The last page of Termination Packet 1 is labeled **Participant Authorization to Sell Shares**.

ACTION ITEM:

- If you rolled over retirement money through the plan, you need to sign and date the last page.
- If you did not roll over retirement money through the plan, you can ignore this page.