

# DRDA

*a professional limited liability company*

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*certified public accountants and business consultants*

# BORSA™

## **Our Guarantee**

We at DRDA, PLLC understand the complexity of starting a business and capitalizing that business with a structure like the BORSA™ Plan. You can take comfort in our **BORSA™ Guarantee**.

If you follow the terms and conditions listed below and the terms set forth in our Engagement Agreement, the **BORSA™ Guarantee** will be there to protect you and your plan in the event that there is an inquiry or audit by the Internal Revenue Service (IRS) or Department of Labor (DOL).

This guarantee offers you the following resources related to your BORSA™ Plan:

- Our Firm will be here to consult and help you with any compliance, IRS, or DOL inquiry;
- Assistance with IRS or DOL inquiry responses and resolution at no additional cost to you;
- Assistance with preparation for IRS audits for your plan at no additional cost to you; and
- If needed, DRDA, PLLC will provide legal counsel to represent you in Tax Court if the IRS or DOL try to disallow your retirement plan solely because of its investment in your active C Corporation's employer stock. The allegations must be on the grounds that this transaction is being challenged as a prohibited transaction and that you have followed all DRDA, PLLC procedures and requirements. If any penalties or interest are assessed as a result of the above allegation, DRDA, PLLC will reimburse you for such expense.

In order to be eligible for our **BORSA™ Guarantee** you must meet all of the following terms and conditions:

- The corporation must be engaged in an active business.
- The plan's primary sponsoring entity must be a C Corporation and the plan can only purchase employer stock of that C Corporation or other qualified investments.

- Anyone who rolls over funds into the plan must be an active, eligible, and participating employee and receive W-2 compensation from your C Corporation.
- All funds being rolled over into the plan must either be a direct rollover from one qualified retirement source to the plan or a cash distribution from a qualified retirement source that is deposited into the plan no later than 60 days from the date of distribution of the funds by the prior plan.
- A stock appraisal must be obtained stating the fair market value of the company stock on the date of the initial stock purchase in your C Corporation and at least annually thereafter as long as the plan continues to own or allow investment in Qualifying Employer Securities.
- All employees who are eligible for the plan, as stated in your customized Adoption Agreement, must be given the same investment option.
- All investment options must be participant-directed and a diversified mix of funds must be made available to all participants for all plan sources.
- You must contribute at least 1% of your own payroll into the BORSA™ annually. This applies to all individuals who have rolled funds into the plan and invested into the C Corporation.
- Our **BORSA™ Guarantee** will only apply if you are a current client of DRDA, PLLC so that we are preparing the annual Form 5500, Summary Annual Report and Individual Participant Statements at the time of the IRS or DOL inquiry or audit. DRDA, PLLC assumes no responsibility or liability if your plan is serviced by another Third Party Administrator or Recordkeeper.

DRDA, PLLC's liability and obligation relative to your plan are as stated above based on the limits and terms of our **BORSA™ Guarantee** and Engagement Agreement. Except as stated above, our **BORSA™ Guarantee** will not provide you with anything of value or pay you any money. Please be aware that DRDA, PLLC is the Recordkeeper and not the Plan Administrator, Fiduciary or Trustee of your retirement plan. If you do not follow the specifications as set forth in your Plan Binder, which includes your Adoption Agreement, Basic Plan Documents, and Summary Plan Description, or comply with ERISA laws, rules, and regulations, then you will be responsible for all costs and expenses related to correcting the plan, potential penalties or services necessary to rectify the matter.