

HOLLAND FINANCIAL INCORPORATED

To the extent required by the Department of Labor, Regulation Section 2550.408b-2, this disclosure is provided for the purpose of furnishing necessary information to the plan sponsor or responsible fiduciary. In disclosing the information required under ERISA Regulation Section 2550.408b-2, pursuant to Department of Labor Final Regulation section 2550.408b-2(c) (the “Regulation”), disclosures must be made to the “responsible plan fiduciary,” who is “a fiduciary with the authority to cause the plan to enter into, or extend or renew, the contract or arrangement.

The material contained within this disclosure document has not been approved or verified by any governmental authority

Amended October 8, 2018

Covered Service Provider Disclosure Requirements Under ERISA Section 408(b) (2)

The Employee Retirement Income Security Act of 1974 (ERISA or the Act) prohibits a service provider from providing services to a pension plan. ERISA Section 408(b) (2) provides a statutory exemption to this prohibition, permitting a service provider to render services to a pension plan if, among other requirements, the service contract is reasonable. For the purposes of ERISA Section 408(b) (2) “reasonable” means the service provider discloses certain compensation information to plan fiduciaries.

As an entity and provider of certain professional services to ERISA-covered pension plans, (e.g., ERISA-covered defined benefit plans, 401(k) plans, profit sharing plans, and most 403(b) plans), this disclosure document is provided by Holland Financial Incorporated in accordance with regulations pursuant to the Employee Retirement Income Security Act of 1974 (ERISA or the Act) requiring that certain service providers to pension plans disclose information concerning the service providers’ compensation and potential conflicts of interest.

These disclosure requirements have been established as part of a statutory exemption from ERISA’s *prohibited transaction provisions*. The purpose of the disclosures is to ensure that plan fiduciaries are provided with the information needed to evaluate, select and monitor service providers. This includes the assessment of the reasonableness of service contracts, service provider compensation and the existence of any potential conflicts of interest. These regulations are part of a broader initiative by the Department of Labor (DOL) to increase the transparency of fee arrangements between plans and service providers.

If you are not the plan sponsor or responsible plan fiduciary, please provide this information to the plan sponsor to ensure awareness of this disclosure. This information does not represent legal advice. To determine how this regulation impacts you and/or your retirement plan, review all pertinent information with qualified legal counsel or an employee benefit professional.

Notification To Plan Sponsor and/or Plan Fiduciary

In accordance with regulations issued by The Department of Labor under ERISA Section 408(b)(2), a "covered service provider" (CSP) must provide the responsible plan fiduciary with certain disclosures concerning fees and services provided to certain ERISA governed plans. This regulation is commonly known as the service provider fee disclosure rule and is referred to herein as the "408(b) (2) Regulation". The full text of the Department of Labor's final 408(b) (2) Regulation is located at <http://www.dol.gov/ebsa/pdf/2012-02262-P11.pdf>. The required disclosures must be furnished in advance of a plan fiduciary entering into or extending a contract or arrangement for covered services. The Department of Labor has said that having this information will permit a plan fiduciary to make a more informed decision on whether or not to enter into or extend such contract or arrangement.

In order to provide you with these disclosures, we have established this document containing descriptions of the services that Holland Financial Incorporated makes available to Plan Sponsor Clients. The information provided within this document reflects our current arrangements for services that may be provided or offered to a retirement plan. This disclosure document should be reviewed in conjunction with other agreements, as well as any offering memoranda related to the plan. (Collectively referred to as Client Plan Documents)

Holland Financial Incorporated will post any changes pertaining to 408(b) 2 disclosures on its website when any change is required. Plan Sponsor Clients are encouraged to consult this website to determine what changes have been made to these disclosures. For any questions concerning information within this document please send the request to hollandfinancialinc@mail.com

For specific questions pertaining to your responsibilities under The Employee Retirement Income Security Act (ERISA) as a Plan Fiduciary or Sponsor of your retirement plan, consult your legal counsel or an employee benefit professional.

If you are not the plan sponsor or responsible plan fiduciary, please provide this information to the plan sponsor to ensure awareness of this disclosure. This information does not represent legal advice. To determine how this regulation impacts you and/or your retirement plan, review all pertinent information with qualified legal counsel or an employee benefit professional.

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COMPENSATION DISCLOSURE OVERVIEW

The Employee Retirement Income Security Act of 1974, as amended (ERISA) requires employee benefit plan fiduciaries to act solely in the interests of, and for the exclusive benefit of, Plan participants and beneficiaries. As part of that obligation, plan fiduciaries should consider cost, among other things, when selecting plan investment options and plan service providers. The information contained herein may provide guidance and assistance, relative to making cost-benefit decisions concerning your plan.

Effective as of July 1, 2012, the Department of Labor (DOL) requires that certain retirement plan service providers specifically disclose the compensation received for the services in which they provide. The contents of this disclosure document are intended to satisfy this requirement with regard to Holland Financial Incorporated, its Affiliates and Subcontractors.

The plan fees included in this disclosure form represent estimated plan expenses for services provided by Holland Financial Incorporated. Detailed information pertaining to administration services and costs in connection with your particular plan will be found in the Plan Services Agreement. A copy of this agreement is available to the Plan Sponsor upon engagement of service. For information concerning plan fees associated with the investment options, of your particular plan, including custody and securities brokerage, consult the designated investment platform sponsor associated with your plan.

It is recommended that all investment product details, including contracts, product prospectuses, ADV forms and other applicable offering memoranda, be thoroughly reviewed. Other plan expenses may include, ongoing amendments resulting from changes in pension law or plan design, as well as the cost of a mandatory annual audit. You may need to consult legal counsel or an accounting professional to assist you in determining these charges.

When evaluating service providers it is important to consider the quality and type of services that are being proposed; the anticipated expectations resulting from service; whether comparisons from competing providers will meet or exceed expectations; as well as other factors specific to needs of your particular plan.

I) CSP Disclosures For Plan Fiduciaries

ERISA regulation provides that certain service arrangements or contracts are reasonable only if the service provider discloses to the responsible plan fiduciary information about the services to be performed and the compensation to be received.

- Information required to be disclosed by a CSP must be furnished in writing to a responsible plan fiduciary for the covered plan. The rule does not require a formal written contract delineating the disclosure obligations.

- CSPs must describe the services to be provided and all direct and indirect compensation to be received by a CSP, its affiliates, or subcontractors.

- "Direct compensation" is compensation received directly from the covered plan. "Indirect compensation" generally is compensation received from any source other than the plan sponsor, the CSP, an affiliate, or subcontractor.

The regulation allows a description or estimate of compensation to be expressed as a monetary amount, formula, percentage of the covered plan's assets, or a per capita charge for each participant or beneficiary.

II) Disclosure Purpose and Background Regarding Covered Plans

Purpose

- Assess reasonableness of total compensation, both direct and indirect, received by the CSP, its affiliates, and/or subcontractors;
- Identify potential conflicts of interest; and
- Satisfy reporting and disclosure requirements under Title I of ERISA.

Other Considerations

The statute and regulation focus on the use of plan assets to pay for services. They do not apply to fees paid by a plan sponsor unless it is reimbursed by the plan.

Covered Plans

The regulation covers most retirement plans that are subject to ERISA, including defined benefit plans, as well as defined contribution or individual account plans. The exceptions are 403(b) accounts frozen prior to 2009 and individual retirement accounts, including those funded through simplified employee pension and SIMPLE arrangements.

ERISA does not apply to a plan covering the sole owner of a business and his or her spouse, so such a plan cannot be a covered plan. The same is true for governmental plans and some, but not all, church plans and 403(b) programs. Also, the regulation will not apply to an "unfunded" deferred compensation arrangement because the latter is not subject to ERISA's prohibited transaction rules.

Covered Service Providers (CSPs)

Disclosure obligations will be imposed upon any service provider which has a contract or arrangement with a covered plan and which reasonably expects that at least \$1,000 in direct or indirect compensation will be paid to itself, an affiliate or subcontractor for professional services to the plan.

Covered service providers are limited to persons who reasonably expect to receive \$1,000 or more stemming from direct or indirect compensation in connection with providing services to the plan, and include the following:

- *Fiduciaries or investment advisers*, including anyone who provides services directly to the plan as a fiduciary under ERISA, or as an investment advisor registered under the Investment Advisers Act of 1940 or state law, and anyone who provides services as a fiduciary to an investment that holds plan assets in which the plan has a direct investment.
- *Record-keepers and brokers*, including any service provider who provides recordkeeping or brokerage services to individual account plans that permit participant-directed investments and makes the designated investment alternative available on its investment platform.
- *Other service providers receiving indirect compensation*, including those who provide a broad range of professional services, such as accounting, actuarial, auditing, banking, compliance, legal services, and third-party administration.

Fiduciary responsibilities for Plan Sponsors are detailed in the Employee Retirement Income Security Act (ERISA) of 1974, which is enforced by the Department of Labor (DOL). Although some plans may not be subject to ERISA's fiduciary requirements, it is widely recognized that satisfying those requirements, even for a non-ERISA Plan, is a recommended practice. While not every plan must follow ERISA guidelines, all plans must comply with IRS regulations.

PROFESSIONAL SERVICES

Holland Financial Incorporated provides ongoing professional guidance to Plan Sponsor Clients, including: (a) Providing a Due Diligence Assessment with respect to Plan Design; (b) Rendering Fiduciary Guidance, including periodic reviews and assistance with preparing the responsible plan fiduciary's report for the plan; (c) Providing an Annual Plan Governance Report, including employer practices, adherence to plan compliance, quality of service rendered by service providers, as well as a cost summary analysis for the plan; (d) Performing Vendor Searches as directed by the Plan Sponsor, but not later than on a triennial basis, including requests for proposals and other pertinent information relative to the selection of various service providers for the plan; (e) Facilitating the management and oversight of the Compliance Disclosure Process, including the submission of required plan filings in accordance with The Department of Labor and Internal Revenue Service rules.

Holland Financial Incorporated can be appointed in order to exercise discretionary responsibility relative to the administration of a plan, contingent upon the terms of the Plan Services Agreement between the firm and the Plan Sponsor Client. Therefore, Holland Financial Incorporated is a fiduciary, as such term is considered under ERISA section 3(16) with respect to plan administration.

Holland Financial Incorporated renders compliance oversight, fiduciary guidance and third party administration to the Plan Sponsor and where applicable, the board of directors of the Plan Sponsor, the trustees of the Trust established as part of the Plan and the retirement plan committee, appointed by the board of directors of the Plan Sponsor, as to plan assets of pension, profit sharing and retirement plan accounts subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The nature and scope of the services offered by Holland Financial Incorporated under the arrangements contemplated herein, are not performed as a fiduciary, as such term is considered under section 3(21) or 3(42) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

FORMS OF COMPENSATION

In general, the DOL requires that compensation received by Holland Financial Incorporated as a retirement plan service provider is categorized in one of four ways:

- *Direct Compensation:* Amounts in which Holland Financial Incorporated expects to receive directly from plan assets. To the extent that invoices received by your company from Holland Financial Incorporated are not paid directly by your company, such amounts shall be deducted directly from plan assets which may include, any of, or all of the following: an ERISA expense reimbursement account, a forfeiture account, and participant accounts causing such amount to be treated as Direct Compensation.
- *Indirect Compensation:* Amounts that Holland Financial Incorporated reasonably expects to receive from any source other than plan assets, the plan sponsor, or an affiliate or subcontractor of Holland Financial Incorporated.
- *Compensation Paid Among Related Parties:* Amounts paid among Holland Financial Incorporated, its affiliates and subcontractors if such amount is set on a transaction basis or if it is charged directly against the plan's investments and reflected in the net value of the investment.
- *Compensation for Termination of Contract or Arrangement:* Amounts that Holland Financial Incorporated reasonably expects to receive in connection with the termination of the contract.

FEE AND COMPENSATION STRUCTURE

(A) Assessment of Fees

The methods in which Fees can be assessed include the following:

- Asset based: Costs are derived based on the amount of assets within the plan. These expenses are generally expressed in terms of percentages or basis points.
- Per Participant: Costs are predicated on the number of employees, or actual Plan Participants.
- Transaction driven: Costs are generated as a result of an occurrence, or series of events or other action attributing to the execution of a particular Plan Service.

The manner in which Holland Financial Incorporated calculates its fee may be based on one or any combination of the aforementioned methods. In general, cost associated with plan administrative-related service will be invoiced to the Plan as one-time or ongoing expenses.

One-time fees are typically applicable to start-up plans, as well as conversions. Be advised that plan termination fees may apply with certain service providers. Ongoing expenses are recurring costs, associated with the continued operation of the Plan.

Ongoing expenses may vary from one Plan to another. In some instances, fees may be negotiable, according to the nature and scope of the matter undertaken by Holland Financial Incorporated. The responsible Plan fiduciary and or Plan sponsor should thoroughly review the Plan Services Agreement outlining the specific services and fees associated with their particular plan.

(B) Types of Compensation

- I Plan Administrative Compensation- Direct Compensation Exhibit A
- II Plan Administrative Compensation-Miscellaneous Compensation Exhibit A-1
- III Covered Service Provider Termination of Service Related Compensation Exhibit A-2

EXHIBIT A

COMPENSATION DISCLOSURE DOCUMENT

Plan Administrative Compensation- Direct Compensation

Assessment of Direct Compensation

<u>Direct Compensation Type</u>	<u>When Paid</u>	<u>Who Pays</u>	<u>Who Receives Compensation</u>	<u>Payment Method</u>
Fees paid by Plan Sponsor	Quarterly \$1250	Plan Sponsor	Holland Financial Incorporated	Invoiced

Description: Holland Financial Incorporated will be retained by the Plan Sponsor to render guidance that is in the best interest of the Plan, for the exclusive benefit of the Plan Participants and beneficiaries. Such guidance will include fiduciary oversight, Plan operational compliance, and management of the disclosure and reporting process.

Responsibilities transferred to a 3(16) fiduciary may vary in accordance with the specifics and aspects of a particular Plan, as set forth in the Plan Services Agreement between Holland Financial Incorporated and the Plan Sponsor Client. In connection with Plan administrative matters undertaken, generally, the Plan Sponsor will obtain assistance designed to facilitate mitigating fiduciary responsibilities associated with the operation of the Plan.

Holland Financial Incorporated will offer to serve as a 3(16) fiduciary by completing and signing the Form 5500 returns, as the Plan's Administrator. The scope of fiduciary responsibilities can be expanded or narrowed, based on the nature and scope of a particular engagement. Under the fiduciary arrangement outlined, the Plan Sponsor would remain responsible for all other Plan management responsibilities, unless stipulated otherwise by agreement.

In matters undertaken in which the levels of fiduciary oversight are expanded, Plan Sponsor Clients can elect to amend the Plan Documents. Such amendment would designate Holland Financial Incorporated, as both 3(16) fiduciary and Named Fiduciary, authorizing the administration, management and operation of the Plan.

- ¹ Actual fee amounts may differentiate from the amounts depicted, based on the level of fiduciary oversight. The fee for services rendered is set forth in the Plan Services Agreement. Pursuant to the contract between the parties, Holland Financial Incorporated will invoice Plan fees directly to the Plan Sponsor Client. Invoices are payable upon receipt. The information provided is not to be construed as an all-inclusive list of retirement expenses. Retirement plans may assess fees for other types of services, including but not limited to Plan loan, premature withdrawal, redemption, investment management, participant transaction and record-keeping fees.

EXHIBIT A-1

COMPENSATION DISCLOSURE DOCUMENT

Plan Administrative Compensation- Miscellaneous Compensation Which May Be Assessed For a Specific Purpose**Assessment of Direct Compensation**

<u>Direct Compensation Type</u>	<u>When Paid</u>	<u>Who Pays</u>	<u>Who Receives Compensation</u>	<u>Payment Method</u>
Fees paid by Plan Sponsor	At the time of the Event \$250.00/Hr.	Plan Sponsor	Holland Financial Incorporated	Invoiced

Description: Holland Financial Incorporated will be retained by the Plan Sponsor to render guidance that is in the best interest of the Plan, for the exclusive benefit of the Plan participants and beneficiaries. Such guidance may include one or any combination of the following incremental Plan services:

- ❖ Plan consulting and design
- ❖ Plan Benchmarking Analysis
- ❖ Compliance Filing and Reporting
 - A) Form 5500 Completion
 - B) Filing of Related Schedules
 - C) Preparing Signature Ready Filings
 - D) Preparing the Summary Annual Report

In general, the undertaking of such matters would be considered non-fiduciary in nature. The Plan Sponsor would ultimately remain responsible for discharging all other Plan management responsibilities, including the fiduciary oversight of the Plan's investment menu, as well as the management of all other aspects of the Plan.

- 2 The Fee amounts shown assume payment directly by the Plan Sponsor and are neither direct nor indirect compensation, unless the Plan Sponsor does not pay the fees and allows for the fees to be taken from Plan Assets, which may include, an ERISA Reimbursement Account, Forfeitures, or Participant Accounts.

EXHIBIT A-2

COMPENSATION DISCLOSURE DOCUMENT

Covered Service Provider Establishment, Conversion, or Termination Related Compensation

Plan Expense Type: Establishment, Conversion, or Termination

Expense Description: Plan establishment of data. Plan conversion of data from another platform. Transferring Plan data to a successor record-keeping vendor

Assessment of Compensation

<u>Compensation Type</u>	<u>When Paid</u>	<u>Who Pays</u>	<u>Who Receives Compensation</u>	<u>Payment Method</u>
Fees paid by Plan Sponsor	Prior to the time of the Event \$250.00/Hr.	Plan Sponsor	Holland Financial Incorporated	Invoiced

Description: Holland Financial Incorporated will be retained by the Plan Sponsor to render guidance that is in the best interest of the Plan, for the exclusive benefit of the Plan participants and beneficiaries. Such guidance may include, Plan consultancy with respect to Plan establishment, conversion or termination. The Plan Sponsor can be offered this level of guidance as an incremental service, or in connection with a comprehensive suite of services for the Plan.

In general, the Plan Sponsor will be provided assistance with respect to facilitating the expediting and fulfillment of the Plan establishment, conversion, or termination process.

- The Plan Sponsor should be advised that any Plan establishment, conversion or termination encompasses the compiling and transmission of necessary Plan data. This includes details pertaining to the company profile, Plan assets, Plan participants, as well as other pertinent information, relative to the operation of the Plan. In this regard, when taking into consideration the aspects of a particular retirement plan, as well as the existing or preferred design, it is imperative to be aware of all associated costs for an applicable event relative to the Plan.

In connection with the Plan Services Agreement, or contract between the parties, upon any termination of service, a pro rata portion of any prepaid Plan Service Fees charged quarterly in advance for services actually rendered during the quarter, may be withheld. Any excess payment to the extent that actual services have not been provided will be refunded.

SUMMARY

The disclosure obligation contained herein serves to adhere to regulations issued by The Department of Labor under ERISA Section 408(b) (2), imposed upon certain Covered Service Providers.

In accordance with guidelines under The Employee Retirement Income Security Act of 1974, as amended (ERISA), Holland Financial Incorporated, a Covered Service Provider within the meaning of ERISA Section 408 (b) (2), seeks to provide advice and counsel to certain retirement plans subject to the requirements of ERISA. The information provided within this document is intended to satisfy reporting requirements with respect to compensation and the provision of service, in order to comply with the necessary disclosure requirements under Title I of ERISA.

The material provided is not intended to be and should not be construed as a final determination with respect to the provision of service which may be rendered, or with regard to the expenses incurred by a Plan. Plan sponsors are advised to thoroughly review the aspects of their particular Plan and consult with an appropriate professional qualified to address such matters, prior to retaining or engaging a particular provider for their Plan.

With respect to the provision of service outlined within this document, none of the material is intended to infer that Holland Financial Incorporated will specially take on the role, duties or responsibilities of record-keeper, or investment fiduciary, under ERISA Section(s) 3(21) or 3(38). The material contained herein does not constitute the offering of an engagement of service, nor is any such material intended to provide investment, legal or tax advice.

Plan expenses will vary from one plan to another. Certain expenses and fees can have a significant impact on the growth of a retirement plan. An explanation and overview of the common expenses associated with an employer sponsor retirement plan, is available for review from the DOL at http://www.dol.gov/ebsa/publications/401k_employee.html