

Sea Pines 
MONTESSORI SCHOOL

established in 1968

Maxine M. Swingle
Headmistress

2520032065254

September 24, 1992

Office of Employee Benefit Security
Labor-Management Services Administration
U.S. Department of Labor
Washington, DC 20216

To the Secretary of Labor:

In compliance with the requirements of the alternative method of reporting and disclosure under Section 110 of Title I of the Employee Retirement Income Security Act (ERISA) of 1974 for unfunded or insured pension plans for a select group of management or highly compensated employees, specified in Department of Labor Regulations, 29 C.F.R. Section 2520.104-23, the following information is provided by the undersigned employer.

Name and Address of Employer: Sea Pines Montessori School
9 Fox Grape Road
Hilton Head Island, SC
29928

Employer Identification Number: 57-0618428

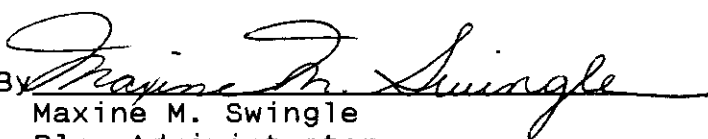
Sea Pines Montessori School, Inc. maintains a plan primarily to provide supplemental income benefits for a select group of management or highly compensated employees.

Number of Plans and Number of
Participants in Each Plan:

1 (one) Plan covering 9 (nine) employees

Dated September 24, 1992

Sea Pines Montessori School, Inc.

By 
Maxine M. Swingle
Plan Administrator

cc: David Allen, IRS

9 Fox Grape Road, Hilton Head Island, SC 29928 • 803/785-2534

DEFINED CONTRIBUTION SALARY CONTINUATION AGREEMENT

SEA PINES MONTESSORI SCHOOL, INC.

_____ ; the "Employee" is performing and will perform valuable services for Sea Pines Montessori School, Inc. the "School". The School wants these services to continue and to aid in providing retirement and other termination benefits to the Employee and his/her beneficiaries. The School's normal retirement date is age 65 and the Employee is considered to be a key Employee. This Defined Contribution Salary Continuation Agreement is entered into on _____, 198__.

SECTION I

DEFERRED COMPENSATION ACCOUNT

- A. AMOUNT OF DEFERRAL: As of the effective date of this Agreement, the School will compensate the Employee during the period of employment for his/her services in the form of both current and deferred compensation. The amount of current compensation may be adjusted by the parties from time to time without altering the terms of this Agreement. The deferred compensation will be controlled by the terms of this Agreement and will be between 0% to 9% of annual salary credited each year as determined solely by the school, in accordance with Subsection 1.B, below.
- B. ACCOUNTS AND CREDITS: The School will create and credit to a special account on its books (the "Account") the amount of deferred compensation specified in Subsection 1.A, above. The first such credit will be made _____, 198__, and subsequent credits will be made annually at the School's discretion, until the Employee's employment with the school is terminated for any reason whatsoever.
- C. AUTHORIZED INVESTMENTS: The amount so credited to the Account may be utilized or applied by the School, to the extent permitted by its charter and the applicable laws of the State of South Carolina from time to time, in such proportion and in such amounts as the School, in its sole discretion, sees fit, including, but not limited to, investments in life insurance, mutual funds, annuity contracts, bonds, stocks, certificates of deposit and similar investment mechanisms, all of which are referred to herein as "Investments".

D. IDENTIFICATION OF ACCOUNT INVESTMENTS:

1. Investments made by the School with the amounts credited to the Account from time to time are, or will be described by the School in Supplement "A" to this Agreement (which is hereinafter referred to as the "List" and is a part of this Agreement). Investments held by the School will be deemed made by the School with the amounts credited to the Account only if, and so long as, they are and continue to be described on the List.
2. The School may, in its sole discretion, add to and remove in whole or in part, Investments from the List at any time, except that the School may not remove Investments from the List except by their sale, exchange, or liquidation. It is the intent of this Agreement that the School shall have total discretion in determining the nature of Investments. The School and its elected Board of Directors and officers shall not be liable to the Employee or the Employee's beneficiaries or successors in interest for any changes or loss in value of any Investments.

E. INVESTMENTS INCOME AND LOSSES: The Account will also be increased by the net amount, if any, of all income and gains realized by the School from Investments on the List prior to the date the first deferred installment is paid under Section II of this Agreement. The Account will be decreased by the net amount, if any, of all losses realized from such Investments prior to such date and by the amount of all administrative expenses and professional fees incurred prior to such date in the management of the amounts in the Account or the Investments.

F. STATUS OF INVESTMENTS: All Investments made by the School or its agent under this Section I will be deemed made solely for the purpose of aiding the School in measuring and meeting its obligations under this Agreement. The School shall be the owner of all such Investments and of all rights and privileges conferred by the terms of the Investments and of all rights and privileges conferred by the terms of the instruments evidencing such Investments. The terms of this Agreement place no obligation upon the School to invest or to continue to invest any portion of the amount in the Account, to invest in or to continue to invest in any specific assets, to liquidate any particular Investment, or to apply in any specific manner proceeds from the sale, liquidation, or maturity of any particular

Investment. The Investments shall be general assets of the School. Nothing stated herein shall cause such Investments to represent the vested, secured, or preferred interest of the Employee or his beneficiaries designated in Subsection II.B.3 of this Agreement (hereinafter referred to as the "Beneficiaries")

SECTION II.

RETIREMENT AND DEATH BENEFITS

- A. VALUATION OF ACCOUNT: Prior to the day the first installment is paid under the provisions of this Section II, all Investments described on the List will, for the purposes of this Agreement, be carried at cost until they are sold, exchanged or liquidated, at which time the Account will be adjusted to reflect any gains or losses realized. On the day the first installment is paid, the Account will be adjusted in accordance with Subsection I.E. of this Agreement to reflect (1) those transactions involving Investments on the List which occurred on or before such valuation date and for which no adjustment has yet been made under said subsection, and (2) all income, gains and losses not yet realized from the Investments on the List but which would be realized if such Investments were sold or liquidated on such valuation date.

The sale or liquidation value of any such Investment on such date (where the Investment is not actually sold, exchanged or liquidated) will be assumed to be the redemption or liquidation value which would be paid by the obligor, as stated in the instrument evidencing the Investment, if such Investment were actually surrendered for the cash to the obligor on such date. In the absence of such a stated redemption or liquidation value the fair market value of the Investment as ascertained by an independent appraiser will be used. The value of an Investment shall not be reduced because of any loan made or encumbrance placed upon the Investment by the school unless the loan or encumbrance was for the sole benefit of the Investments.

B. RETIREMENT BEFORE DEATH

1. Payment Period

- A. If the Employee's association with the school terminates for any reason other than the death or normal retirement of the Employee, beginning on a date to be determined by the School, but no later than the date the Employee attains age 65, the School will commence to pay the Employee retirement benefits either in periodic install-

ments over a period of years or in a single lump sum payment as the School shall, in its sole discretion, determine.

B. An Employee's normal retirement age shall be 65.

2. SIZE AND PERIOD OF INSTALLMENTS

A. If the School determines that installments shall be paid to the Employee, such installments shall be for the life of the Employee, with at least ten years guaranteed. Installments shall be paid periodically, and not less frequently than quarterly, in substantially equal amounts. The amount of an installment shall be determined by the appropriate benefit available through the purchase of an annuity on the Employee's life, the premium of which is equal to the Account value for the Employee. The School shall not be liable to provide a monthly benefit in excess of that which can be funded from the employee's Account value.

B. If the School determines that a single lump sum payment shall be made, the amount so distributed shall be the value of the Employee's Account, as adjusted in accordance with Subsection I.E. of this Agreement, less any expenses attributable to such distribution.

3. PAYMENTS TO BENEFICIARIES:

If the Employee dies after becoming entitled to receive the installments or the lump sum payment specified in Paragraph II.B.2, but before all of such installments have been paid to the Employee, the unpaid balance of said amounts guaranteed in Paragraph II.B.2, shall be paid to

or to such other beneficiary as the Employee may designate in writing by notice to the School from time to time. If said Beneficiary is deceased then payments shall be paid in accordance with the terms of the Employee's annuity contract, or to the estate of the Beneficiary in the case of an unpaid lump sum payment.

4. ELIGIBILITY: The criteria for eligibility of key Employees shall be determined by the School.

5. VESTING OF BENEFITS:

- A. The benefits provided by the School to the Employee under this Agreement shall vest in the Employee and become non-forfeitable by the Employee according to the following schedule:

<u>Total Completed Year of Employment</u>	<u>Percentage of Retirement Benefit Vested</u>
0 - 4 yrs.	0%
4 yrs.	40%
5 yrs.	50%
6 yrs.	60%
7 yrs.	70%
8 yrs.	80%
9 yrs.	90%
10 yrs. or normal retirement age (65)	100%

- B. For purposes of the Agreement, "total completed years of employment" shall mean the total number of complete calendar years of employment of the Employee with the School. Periods of disability and authorized leaves of absence formally approved by the School shall not be deemed to interrupt "continuous employment", but such period (if longer than 90 calendar days) shall not be included in the term of employment for the purpose of vesting pursuant to subparagraph above. The term of employment shall commence with the date of employment of the Employee by the School.
- C. BREAKS IN SERVICE: A break in service shall not eliminate credit for employment prior to the break. (A break in service shall mean the termination of employment followed by reemployment of the Employee.)
- D. For purposes of this Agreement, "percentage of total benefit vested" means that portion of any benefit promised to the Employee, or his/her designated recipient, by the School as determined by the Account value in supplement "A" with respect to what monthly benefit could be purchased through annuitization of this Account value, or the determination of a single lump sum payment.
- E. TERMINATION BECAUSE OF DEATH: If the Employee's association with the School terminates because of the Employee's death, then, beginning on a date to be determined by the School, but no sooner than

the day after and no later than six (6) months following such termination, the school will commence to pay to _____ or to such other beneficiary as the Employee may designate in writing by notice to the School from time to time.

The amount of installments or lump sum payment to be paid are in the same amount and manner as provided for in paragraph II.B.2., of this Agreement and will begin on a date to be determined by the School but no later than six (6) months from the date of such death.

SECTION III
ASSIGNABILITY:

The benefits provided by Section II of this Agreement will not be subject to garnishment, attachment, or any other legal process by creditors of the Employee or any person or persons designated as beneficiaries of this Agreement or any other payee of the benefits provided herein.

SECTION IV
OTHER PROVISIONS:

- A. FILING OF A CLAIM FOR BENEFITS. The Employee, the Employee's estate's Personal Representative, or the Employee's beneficiary of the Plan shall make a claim for the benefits provided by delivering a written request to the Plan administrator and by providing such information as the Plan administrator shall reasonably request.
- B. NOTIFICATION TO CLAIMANT OF DECISION. If a claim is wholly or partially denied, notice of the decision, meeting the requirements of paragraph C following shall be furnished to the claimant within a reasonable period of time after receipt of the claim by the Plan administrator.
- C. CONTENT OF NOTICE. The Plan administrator shall provide to every claimant who is denied a claim for benefits, written notice setting forth in a manner calculated to be understood by the claimant, the following:
 - (1) The specific reason or reasons for the denial:
 - (2) Specific reference to pertinent Plan provisions on which the denial is based;
 - (3) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why any such material or

information is necessary; and,

- (4) An explanation of the Plan's claim review procedure, as set forth in paragraphs D and E following.

D. REVIEW PROCEDURE. The purpose of the review procedure, set forth in this paragraph and in paragraph E following, is to provide a procedure by which a claimant under the Plan may have a reasonable opportunity for a full and fair review of a denial of a claim. To accomplish that purpose, the claimant or his duly authorized representative:

- (1) May request a review upon written application to the Plan administrator.
- (2) May review pertinent Plan documents; and
- (3) May submit issues and comments in writing.

E. DECISION ON REVIEW. The decision on review of a denied claim shall be made in the following manner:

- (1) The decision on review shall be made by the Plan administrator, who may in his discretion hold a hearing on the denied claim. The Plan administrator shall make his decision promptly, and not later than sixty (60) days after receipt of the request for review and all required information, unless special circumstances (such as the need to hold a hearing) require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one hundred twenty (120) days after receipt of the request for review and all required information.
- (2) The decision on review shall be in writing and shall include specific reasons for the decisions, written in a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provisions on which the decision is based.

F. FINANCIAL HARDSHIP. The School may, in its sole discretion, pay the balance of the Account, or any portion thereof to the Employee, the Employee's legal representative, or any beneficiary therein, provided that the Employee or beneficiary has a demonstrable need due to financial hardship. The decision of whether or not financial hardship exist, or whether or not any payments herein shall be made, shall at all times rest solely with the School, in its sole discretion.

- K. STATE LAW. This Agreement shall be construed under the laws of the State of South Carolina.
- L. REVOCABILITY. This Agreement may be revoked or amended in whole or part by writing, signed by both parties hereto. This Agreement may be amended unilaterally by the School to comply with any applicable law or regulation.
- M. WHOLE AGREEMENT. This writing contains the whole Agreement, with no other understandings or provisions other than what is contained herein.

SECTION V
EMPLOYMENT AND OTHER RIGHTS:

- A. NO RIGHT TO CONTINUED EMPLOYMENT. This Agreement creates no rights whatsoever in the Employee to continue in the employ of the School for any length of time, nor does it create any rights in the Employee or his Beneficiaries or any obligations on the part of the School except those set forth herein.
- B. TRUTH OF REPRESENTATION. The Employee has answered or will answer truthfully and completely any question or request for information by an insurance company, the School or their agents in connection with the issuance of any policy described in Supplement "A". If the Employee fails to do so, or dies by suicide, and the liability of the insurer under said policy is restricted to any degree as a result of such failure, then the School shall be released from all of its obligations under this Agreement.
- C. PARTIES. This Agreement is solely between the School and the Employee. The Employee and his Beneficiaries and payees will have recourse only against the School for enforcement, and this Agreement will be binding upon the Beneficiaries, heirs, assigns, and personal representatives of the Employee and upon the successors and assigns of the School.

EXECUTED as of this _____ day of _____, 19 _____.

WITNESS:

EMPLOYEE

SEA PINES MONTESSORI SCHOOL, INC.

By: _____
Headmistress

