

**Version History**

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| Version # | Author | Version Date | Change Description |
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1. **INTRODUCTION**

1.1 Purpose

The main purpose of this profit sharing plan is to provide financial security upon the time of retirement of any qualified employee/staff of the restaurant business. Additionally, the profit sharing plan aims to do the following:

* Helps motivate talented employees/staff stay in the restaurant business
* It provides benefits to both employees and owners of the restaurant business
* Plan contributions are devoid of government tax until they are distributed
* Contributions go into investments which may eventually grow
* Benefits may be taken by any participant when that participant leaves the restaurant business.
* Participants are entitled to loans depending on the qualifications of the loan process

1.2 Summary

This profit sharing plan defines the eligibility or qualification for any individual to take part in the profit sharing plan. It explains the benefits, distribution and other options available for you in the profit sharing plan. This plan further describes the benefits and accompanying responsibilities for plan holders.

This profit sharing plan is subject to the laws of the state and the land. Any changes to the laws of the state or of the land can be made applicable to the profit sharing plan as with changes coming from the Department of Labor or the Revenue Service. The employer, the restaurant business, likewise reserves the right to terminate this profit sharing plan at his discretion. However, employer must notify holders of this profit sharing plan in the event of any changes and amendments to the profit sharing plan.

1.3 Establishing the Plan

In context to making the profit sharing plan, the following steps must be done:

* This plan is the written document that defines the profit sharing plan
* This profit sharing plan defines the trust for this plan’s assets
* This plan describes who are eligible to participate in the plan

**2. TAKING PART IN THE PLAN**

2.1 General Requirements

Generally, any employee/staff of the restaurant can become a participant to the profit sharing plan if they are currently employed and remain employed in the restaurant business. Additionally, [INSERT A DEFINITE CRITERIA ON THIS SECTION OF THE PLAN WHICH TALKS ABOUT HOW THE PROFIT SHARING PLAN IS CALCULATED BASED ON THE DATE WITH WHICH THE RESTAURANT EMPLOYEE/STAFF HAS BEEN EMPLOYED BY THE RESTAURANT BUSINESS e.g. PRORATED OR FULL PRIVILEGE].

2.2 Eligibility

Any employee is eligible to participate in the profit sharing plan if:

* They are aged 21 and above
* Have completed at least a year of service or work in the company. [INSERT BRIEF INFORMATION WITH REGARDS TO THE RESTAURANT BUSINESS’S CRITERIA IN CONSIDERING AN EMPLOYEE/STAFF’S QUALIFICATION ON THE PROFIT SHARING PLAN BASED ON HIS/HER YEAR OF SERVICE IN THE RESTAURANT BUSINESS].

Entry date is considered to have started upon the completion of any of the above mentioned criteria

2.3 Exclusions

Any individual is not allowed to take part in the profit sharing plan if:

* They are non-resident aliens
* Union employees part of a collective bargaining agreement with no provisions of participating in the profit sharing plan.
* Sales individuals on a commission basis

2.4 Participant Rights

The following are the rights and protections given to any participant under this profit sharing plan:

* Acquire a written copy of the documents relating to the operation of the profit sharing plan upon written request to the [INSERT RESPONSIBLE PERSON FROM THE RESTAURANT’S MANAGEMENT ASSIGNED TO HANDLE THE AFOREMENTIONED TASK]. Documents included would be corresponding insurance contracts, latest annual report, collective bargaining agreements, and the updated profit sharing plan.
* The [INSERT RESPONSIBLE PERSON FROM THE RESTAURANT’S MANAGEMENT] must provide copies to the profit sharing plan’s annual report to each participant to the plan.
* The participant, particularly restaurant employees/staff, shall be able to closely examine all documents pertaining the profit sharing plan at the [INSERT RESPONSIBLE PERSON FROM THE RESTAURANT’S MANAGEMENT]’s office or other locations.
* A written statement can be acquired by the participant telling them of their right to receive pension at a normal retirement age along with the benefits under the plan.

Any other questions regarding this profit sharing plan must be addressed to the [INSERT RESPONSIBLE PERSON FROM THE RESTAURANT’S MANAGEMENT] of the plan.

**3. CONTRIBUTIONS**

3.1 Employee Contributions

Employee contributions are set to be at [INSERT AMOUNT OF CONTRIBUTION THE RESTAURANT EMPLOYEE/STAFF MUST CONTRIBUTE] with the option of [INSERT OTHER PROFIT SHARING OPTIONS THE RESTAURANT EMPLOYEE/STAFF CAN AVAIL OF PURSUANT TO THE CONDITIONS OF THE RESTAURANT BUSINESS].

The share of profit is determined by dividing overall contribution equally among every eligible participant.

3.2 Employer Contributions

Employer contribution is set at the same percentage of compensation for each participant.

3.3 Contribution Limits

The contribution limits are set to be per participant with annual limitations which can be the lesser of the participant’s compensation or [INSERT AMOUNT OF CONTRIBUTION LIMIT FOR EACH RESTAURANT EMPLOYEE/STAFF INVOLVED IN THIS PLAN] for [INSERT WHAT YEAR IS INCLUDED/COVERED WITH THE SPECIFIED CONTRIBUTION LIMIT]. Otherwise, employers subtract amounts not to exceed twenty five percent of the compensation paid during the year to participants.

**4. AWARDS AND COMPENSATION**

Profit sharing happens when the operating profit for a fiscal quarter exceeds [INSERT PERCENTAGE NUMBER THAT SERVES AS BASIS FOR PROFIT SHARING] percent. This is done by getting the restaurant’s gross profit minus operating expenses. The profit sharing plan allows for [INSERT PERCENTAGE NUMBER THAT SERVES AS BASIS FOR INCENTIVE/AWARDS TO RESTAURANT EMPLOYEE/STAFF] percent of each participant’s target rate for each 1% operating profit in excess of [INSERT PERCENTAGE NUMBER THAT SERVES AS BASIS FOR PROFIT SHARING] percent operating profit. Going further, compensation levels can be created per increase of [INSERT PERCENTAGE NUMBER THAT SERVES AS BASIS FOR INCENTIVE/AWARDS TO RESTAURANT EMPLOYEE/STAFF] percent of the restaurant’s gross profit.

Additionally, bonus compensation can be based on each level of compensation per percentage of profit for any other target base pay. An example of which can be taken from below:

* Level One share target payout is at 20% of quarterly base pay
* Level Two share target payout is at 10% of quarterly base pay
* Level Three share target payout is at 5% of quarterly base pay

These Levels are defined as :

* Level One - comprised of Restaurant Business’s Upper Management (including restaurant owner)
* Level Two - comprised of Restaurant Business Supervisors
* Level Three - all other restaurant employees/staff qualified under the plan

The compensation committee of the restaurant business shall further designate or change the levels as agreed upon by the restaurant’s management.

**5. VESTING**

This profit sharing plan designates [INSERT NAME OF THE RESTAURANT BUSINESS’S TRUSTEE OF THIS PLAN] to hold the assets of this profit sharing plan in interest of participants of the plan and their beneficiaries in conformity to the terms defined in this plan. The resulting trust fund will be used to contain all assets from which the profit sharing plan benefits shall be distributed.

Member Choice Investment - Investment choice made by the participant or employee. The [INSERT RESPONSIBLE PERSON FROM THE RESTAURANT’S MANAGEMENT] provides choices for which to make investment options. [INSERT RESPONSIBLE PERSON FROM THE RESTAURANT’S MANAGEMENT] also briefs employee of the procedures in making an investment including the frequency at which a

member or participant can make changes in his investment options. Any earnings or losses of such

an investment shall be separate from that of other accounts of other participants and as such does not affect the value of other participant’s accounts. The [INSERT RESPONSIBLE PERSON FROM THE RESTAURANT’S MANAGEMENT] is not held liable to the investment choices and as such does not assure or guarantee the chances of success of such an investment choice.

Rollover contributions are [INSERT PERCENTAGE NUMBER] percent vested into your account. Each participant is entitled to all amounts in their accounts in reference to vesting schedules. Employer contributions are otherwise based on the vesting years of service of such restaurant employee. Vested percentage is calculated based on restaurant business’s discretion. A sample table below is seen for reference.

|  |  |
| --- | --- |
| **Years of Employment** | **Vested Percentage** |
| Less than a year | 0 percent |
| 1 year | 10 percent |
| 2 years | 20 percent |
| 3 years | 35 percent |
| 4 years | 55 percent |
| 5 years | 75 percent |
| 6 years | 100 percent |

**6. PLAN BENEFITS AND DISTRIBUTION**

6.1 Before Termination

In-service distribution is given to plan participants who request for such during the term of their service. This will however reduce the participant retirement benefits on his or her retirement date. This service can be requested by the participant at his own choice but shall be done in reverence to any terms made in this plan. This service can generally be obtained upon the last remaining [INSERT NUMBER OF RESTAURANT EMPLOYEE/STAFF SERVICE AT THE RESTAURANT] months of your service on your way to retirement age. In-service distribution is also made similar to a hardship distribution in which case needs to have a few conditions proven before such distribution can be made. Such conditions constitute any of the following:

* For Tuition (spouse, children, or the participant)
* Burial or funeral expenses
* Purchase of residence or house
* Medical expenses
* Expenses related to house repair
* Payments to avoid foreclosure of house or residence

Above mentioned conditions are also dependent upon other alternate options available to the participant such as the following:

* Selling or liquidating the participant’s assets
* Getting a bank loan
* Choosing to receive distribution or loan from the profit sharing plan

6.2 Upon Termination

Distribution of a partial or full portion of your account can also be done in the event of termination of your employment, upon reaching your retirement age, or of disability.

In the event of being terminated, you will be entitled to receive the vested percentage in relevance to the number of years of service you have for the restaurant business. See above section on vested percentage in relation to years of service.

In cases of normal retirement, you receive 100 percent amount of your vested account. Actual payment or distribution shall begin after your date of termination or upon reaching your retirement age.

For cases involving disability to continue work, such disability will have to be verified by a licensed physician or doctor. In such cases, the participant receives 100 percent of vested account amount similar to having had a normal retirement. This amount shall be given to the participant in either a lump sum amount or in installments over a period of no more than the participant’s life expectancy.

6.3 Death

In the eventuality of death of a participant, the beneficiary gets 100 percent of the vested account. Automatically, the surviving spouse will be the beneficiary if not otherwise stated or specified to the [INSERT RESPONSIBLE PERSON FROM THE RESTAURANT’S MANAGEMENT] of the plan. If no beneficiary is specified then beneficiaries to such are deemed to be in the following order of priority:

* Spouse
* Children including any adopted child which they will share in equal parts
* Surviving parents in equal shares
* Estate or net worth

Likewise, payment for the benefit to the beneficiaries will be done either via a lump sum payment or installments over a period not longer than the life expectancy of the beneficiary.

6.4 Taxes

Taxes for the distribution of your vested account is taken into account during the year in which your vested account is given to you or when the participant receives such benefit. Taxes in turn can be rolled over to be paid within 60 days of receipt of distribution or assigned to an individual retirement account in which no taxes will be demanded until the time you make withdrawals from such an account. And in such cases where there are qualifications in the amounts being distributed, the plan will designate an individual retirement account from a preset provider since this is mandated by law.

**7. LOANS**

This profit sharing plan provides an option to restaurant employee/staff participants to avail of loans depending on situations and requirements that fall under the categories below:

* Credit-worthiness - loans are made available to participants that are able to present documents such as financial statements or tax returns to the [INSERT RESPONSIBLE PERSON FROM THE RESTAURANT’S MANAGEMENT] for review.
* Interest rates - the [INSERT RESPONSIBLE PERSON FROM THE RESTAURANT’S MANAGEMENT] assigns the interest rates at which your loans can be made. In fairness with other lenders, interest rates are made the same way others have been charged having similar loans.
* Loans from the plan will be regarded as a directed investment of your account to the profit sharing plan
* Loans are properly secured via a loan pledge wherein your vested interest to the profit sharing plan is regarded as security for the loan.
* Loans must not otherwise exceed 50% of your vested interests in the profit sharing plan.
* Generally, all loans are given a maximum of 5 years for payment. For loans made that are generally bigger and may require longer to pay, the [INSERT RESPONSIBLE PERSON FROM THE RESTAURANT’S MANAGEMENT] evaluates such a loan and determines a reasonable length of time for payment.
* No participant is allowed to make more than one loan at a time
* Loans are only allowed for reasons of financial hardship or imminent financial need subject for review by the [INSERT RESPONSIBLE PERSON FROM THE RESTAURANT’S MANAGEMENT].
* Failure in payment dues will mark the participant in default of the loan and would be subject to any applicable suit until the loan is settled. The [INSERT RESPONSIBLE PERSON FROM THE RESTAURANT’S MANAGEMENT] may consider distribution of your vested account wherein taxes may be applicable. In any case, reduction of your benefit would be imminent.
* Upon reaching qualifications for distribution of this profit sharing plan, the loan is immediately due and payable. Non payment otherwise allows the plan to deduct the balance of the loan from your benefit distribution.

**8. INTEREST PROTECTION**

The vested interests of a participant to this profit sharing plan may not be sold, used as collateral for other loans, or transferred. No creditor shall interfere with your account to this profit sharing plan. The restaurant business, as the employer, reserves all right to terminate such profit sharing plan anytime in which all vested interests will be 100 percent vested and shall be distributed immediately by the restaurant business to all qualified participants of the plan. The restaurant business shall notify all participants in cases where the plan is to be terminated.

**9. NON DISCRIMINATION**

This plan conforms to non discrimination requirements and thus allocates uniform percentage of compensation to each participant. This is to ensure that tax benefits for this profit sharing plan are preserved making considerable benefits for both rank and file employees, the restaurant’s upper management, supervisors, and owner/s.

**10. PROCEDURE OF CLAIMS**

Benefits from your vested account shall be distributed automatically and will not require any forms to file in order to claim them. However, claims involving reasons such as disability will need to be properly channeled which may require one or more of the following documents sent to the [INSERT RESPONSIBLE PERSON FROM THE RESTAURANT’S MANAGEMENT] of the plan:

* Specific reasons for such claim
* Additional material information to support such claim
* Reference to a profit sharing plan provision which is made basis for the claim.
* A clinical or medical explanation in support of claim

**11. IMPORTANT CONTACT INFORMATION**

Please refer below to important parties to this plan.

[INSERT NAME OF THE RESTAURANT BUSINESS]

[INSERT COMPLETE BUSINESS ADDRESS OF THE RESTAURANT]

[INSERT COMPLETE CONTACT INFORMATION OF THE RESTAURANT BUSINESS]

[INSERT EMAIL/WEBSITE ADDRESS OF THE RESTAURANT]

[INSERT RESPONSIBLE PERSON

FROM THE RESTAURANT’S MANAGEMENT]

Administrator

[INSERT COMPLETE ADDRESS OF ADMINISTRATOR]

[INSERT COMPLETE CONTACT INFORMATION OF ADMINISTRATOR]

[INSERT EMAIL ADDRESS OF ADMINISTRATOR]

[INSERT NAME OF THE RESTAURANT BUSINESS’S TRUSTEE OF THIS PLAN]

Trustee

[INSERT COMPLETE ADDRESS OF TRUSTEE]

[INSERT COMPLETE CONTACT INFORMATION OF TRUSTEE]

[INSERT EMAIL ADDRESS OF TRUSTEE]