FREQUENTLY ASKED QUESTIONS REGARDING
THE STANDARDBRED BREEDERS AND OWNERS ASSOCIATION
OF NEW JERSEY RETIREMENT PLAN FOR DRIVERS AND TRAINERS

Standardbred Breeders and Owners Association of New Jersey (“SBOANJ”) has recently reviewed the SBOANJ Retirement Plan for compliance with all legal requirements. In connection with this review, certain changes are being made to the Plan. The purpose of this FAQ is to ensure that participants in the Plan are familiar with the benefits and provisions of the Plan.

1. Is the SBOANJ Plan a “qualified” retirement plan governed by the provisions of the Internal Revenue Code (the “Code”) and the Employee Income Retirement Security Act of 1974, as amended (“ERISA”)?
   No. The Plan is not a “qualified” retirement plan under the Code and is not subject to the provisions of ERISA, since the Plan provides benefits to members and non-members of SBOANJ and does not provide any benefits to employees of SBOANJ.

2. What is the status of the Plan?
The Plan is a contractual obligation to provide specified benefits to eligible participants.

3. Who are eligible to participate in the Plan?
Drivers and Trainers who are licensed by the NJ Racing Commission to drive or train standardbred horses are eligible to participate in the Plan as follows:

   Driver: Must complete at least 60 starts in a calendar year at a NJ harness race track, which is equal to 1/4 point.

   Trainer: Must complete at least 30 starts in a calendar year at a NJ harness race track, which is equal to 1/4 point.

Drivers and trainers must execute a Participation Form.

Note: Only Drivers and Trainers are in the Plan, not Assistant Trainers who might work with a Trainer. Race starts are provided by the USTA based on programmed drivers and trainers.

4. Is there an annual participation requirement to maintain participation in the Plan?
   Yes. Drivers and Trainers must complete at least 1/4 points each year for each category as identified above.

5. What benefits are available under the Plan?
Each calendar year participants shall receive an allocation of the discretionary contributions made to the Plan, if they have at least 1/4 point for the year. Discretionary contributions are allocated in a “pro-rata” manner, based upon all individual points, as compared to the total points of all participants in a given year. Any forfeitures that occur during a calendar year are also allocated to Participants in the same manner as any discretionary contributions.

6. How are benefits credited to participants?
Benefits are credited to participants as follows:

<table>
<thead>
<tr>
<th>Drivers:</th>
<th>Trainers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 starts = 1/4 point</td>
<td>30 starts = 1/4 point</td>
</tr>
<tr>
<td>100 starts = 1/2 point</td>
<td>50 starts = 1/2 point</td>
</tr>
<tr>
<td>140 starts = 3/4 point</td>
<td>70 starts = 3/4 point</td>
</tr>
<tr>
<td>180 starts = 1 point</td>
<td>90 starts = 1 point</td>
</tr>
</tbody>
</table>
7. **When does a participant become vested in any benefits?**
   A participant will become **100%** vested in the participant’s account under the Plan when he or she has at least **1/4** point of service for **10** out of **13** years of participation.

   Before a participant is fully vested, if he or she fails to earn **1/4** point for any **4** years in the first **13**, his or her account balance is **forfeited**.

   A participant can re-enter the plan as a new participant in any future year if he or she completes **1/4** point in the year.

   Forfeited accounts are **not restored** upon re-entry.

   A participant also becomes **100%** vested upon death or becoming Disabled. However, a participant does not become **100%** vested upon attaining their normal retirement date under the Plan.

8. **How are all Plan assets invested?**
   All assets are custodied with UBS Financial Services Inc. and are invested by SBOANJ with the advice of a professional financial advisor.

9. **What is the normal retirement age under the Plan?**
   Age **65**.

10. **What is the normal retirement date under the Plan?**
    Attainment of the age **65** normal retirement date and ceasing to be a Driver or a Trainer.

11. **What is the form of benefits under the Plan?**
    Benefits are paid in a single lump sum cash payment.

12. **When are distributions made from the Plan?**
    Benefits are generally payable after a participant reaches his or her normal retirement date (i.e., attainment of age **65** and permanently terminating activity as a Driver or a Trainer).

13. **Is there a disability benefit?**
    **Yes.** Upon becoming Disabled, all amounts allocated to a participant’s Account become **100%** vested and are payable to a participant. Disability is defined under the Plan as being eligible for social security disability benefits. There is no allocation of any contributions or forfeitures for the Plan Year in which a Disability occurs.

14. **Is there a death benefit?**
    **Yes.** Upon death all amounts allocated to a participant’s Account become **100%** vested and are payable to the Beneficiary of the participant within **60** days after the date of death or within **60** days after the Association learns of the death, if later. There is no allocation of contributions and forfeitures for the Plan Year in which a participant dies.

15. **When is a participant taxed on their benefits?**
    SBOANJ has determined that participants should be subject to income taxes only when a distribution is paid. However, it is possible the IRS might determine participants are subject to taxation when vesting occurs.

16. **Can benefits be lost after they are vested?**
    **Yes.** Benefits will be forfeited in the event that any participant has their license revoked for life, in the State of New Jersey, by the New Jersey Racing Commission.
17. **May benefits be rolled over to a qualified retirement plan or an RIA upon payment?**  
   **No.** Since the Plan is not a qualified retirement plan, benefits may not be “rolled over” to another retirement plan or an IRA.

18. **In the event of a divorce, can a portion of a participant’s benefits be allocated to their ex-spouse under a court order?**  
   **No.** Since the Plan is not a “qualified” retirement plan, benefits may not be allocated and made payable to a spouse. In the event of divorce, a participant may only agree to pay all or a portion of their benefits to a spouse **after they are actually paid to a participant.** Under these circumstances, benefits will be paid to the participant, subject to all income and other withholdings taxes, and the participant may pay all or a portion of the net proceeds to an ex-spouse. A participant should consider their tax liability, if they are negotiating a divorce settlement.

19. **Is a participant eligible to receive a distribution of their benefits in the event of a financial hardship?**  
   **No.** Prior Plans did permit hardship distributions to occur. However, this provision has been eliminated from the Plan.

20. **How are payments from the Plan reported to a participant?**  
   Distributions from the Plan will be reported on a Form 1099, without any tax withholdings. A participant should consider paying estimated taxes when they receive a distribution from the Plan.