



**THE KAI-ZEN PLAN  
INDIVIDUAL  
ACKNOWLEDGMENT & DISCLOSURE**

I \_\_\_\_\_, residing at \_\_\_\_\_  
desire to participate in The Kai-Zen Trust 50 (hereinafter "Kai-Zen Trust") and hereby acknowledge the following (capitalized terms used and not otherwise defined herein shall have the meaning set forth in the Kai-Zen Trust):

1. **Not an Employee Benefit Trust.** The Kai-Zen Trust 50 is not an employee retirement plan or trust or a welfare benefit plan or trust as those terms are defined in the Internal Revenue Code and the Employee Retirement Income Security Act (ERISA). Accordingly, the Trust is **not** subject to the reporting and fiduciary requirements of ERISA or other protections provided under ERISA.
2. **Contributions are Not Tax Deductible.** All contributions which I may make to my Trust (hereinafter "Insurance Trust") are made with funds received as compensation from my employer upon which I have or will pay all required state and federal income taxes. I understand that my contributions to the Trust will **not** be tax deductible to me.
3. **Acknowledgment of Trusts.** As part of my participation in the Kai-Zen Trust, I will make one or more contributions to a personal Insurance Trust which will be established according to my specifications. My Insurance Trust will contain Insurance Policy(ies) covering my life and/or the life of another person in whom I have an insurable interest. My Insurance Trust along with the Insurance Trusts of other individuals participating in the Kai-Zen Trust will become a part of The Kai-Zen Trust 50 under which will hold all such Insurance Trusts as separate and segregated trusts.
4. **Trustee and Waiver of Conflicts.** I acknowledge that Provident Trust Group, LLC will serve as both the trustee of my Insurance Trust as well as trustee of the Kai-Zen Trust and I hereby waive any claim based on any actual or potential conflict of interest.
5. **Settlor and Waiver of Conflicts.** I understand that Kai-Zen Plan Servicing, LLC (hereinafter "KPS") is the Settlor of the Kai-Zen Trust. The Settlor has the sole and exclusive responsibility for: (i) ensuring that the Trust complies with all applicable federal, state and local laws; (ii) establishing, amending, terminating and interpreting the Trust provisions; and, (iii) appointing, removing and replacing the Trustee and Administrator. I understand KPS is also the Administrator of the Kai-Zen Trust and that KPS prepared the proposal that was reviewed by me and my personal tax and/or legal advisor(s). I hereby waive any claim base on any actual or potential conflicts of interest.
6. **Notice and Consent to Insurance.** I hereby give my consent to allow the Trustee of my Insurance Trust and/or the Trustee of the Kai-Zen Trust to obtain Insurance Policy(ies) insuring my life and/or the life of another person in whom I have an insurable interest. I understand that my Insurance Trust will be the owner of the Insurance Policy(ies) and the beneficiary of any proceeds payable in the event of death.
7. **Issuance of Insurance Policy.** I understand that although I will make an initial contribution to the Insurance Trust, **no life insurance will be effective and no death benefit will be payable to my heirs until after an insurance company issues an Insurance Policy. This life Insurance Policy will not be issued immediately upon my contribution to the Insurance Trust but will be issued only upon the closing of a loan by the Kai-Zen Trust which will partially fund premiums for the life Insurance Policy(ies). Such closing and issuance of the policies may be up to 6 months after I make my contribution.**
8. **Acknowledgment of Premium Loan.** I understand that under the Kai-Zen Trust, the Kai-Zen Trustee will obtain a loan from one or more financial institutions for the purpose of paying additional premiums on the Insurance Policy(ies), beyond the premiums paid from my contributions to the Insurance Trust. I hereby acknowledge and give consent to the Trustees of the Insurance Trust and Kai-Zen Trust granting the financial institution(s) a collateral assignment of the Insurance Policy(ies) for the purpose of collateralizing the loan and I understand that the Insurance Trust shall be liable for the repayment of any loan proceeds paid into its policies, including principal and interest, and that such repayment will be made from the assets of the Insurance Trust.. I further understand that so long as the Insurance Policy(ies) are subject to the collateral assignment, no withdrawals or distributions can be made from



the Insurance Policy(ies) for the purpose of paying Benefits or other distributions to myself, my dependents or beneficiaries under the Insurance Trust.

9. **Lender Not a Party.** I understand that the lender providing premium financing was in no way involved in the issuance of the Insurance Policy(ies) and has not provided any advice or recommendations in connection with my participation in the Kai-Zen Trust, including, but not limited to advice or recommendations in connection with my participation in the Kai-Zen Trust, including but not limited to the selection of the insurance company and type of Insurance Policy, estate or financial planning, taxes, accounting, legal or other matters.
10. **Payment of Living Benefits.** In the event that an Insured Person is insured under Insurance Policy(ies) that provide for the payment of Living Benefits, no such Living Benefit payments will be permitted so long as the policy is subject to a Premium Loan and collateral assignment. Living Benefits will only be made available under the policy upon a request by the trustee of the Insurance Trust to the Kai-Zen Trustee. If at the time of request for Living Benefits the Insurance Policy **IS NOT** subject to a Premium Loan and collateral assignment, the Kai-Zen Trustee will process the request with the insurance company for the payment of the Living Benefits. If at the time of request for Living Benefits the policy **IS** subject to a Premium Loan and collateral assignment, the Kai-Zen Trustee will treat the request as a request to withdraw the Insurance Trust from the Kai-Zen Trust and will withdraw funds from the policy sufficient to pay off the portion of the Premium Loan (principal and interest) that was used to fund the Insurance Policy(ies) held by the Insurance Trust, to secure a release of the collateral assignment. Upon doing so the Insurance Trust will be released from the Kai-Zen Trust and the trustee of the Insurance Trust will make a request directly to the insurance company for the payment of the Living Benefits.
11. **Acknowledgment of Risks.** I understand that financing life insurance premiums has certain inherent risks including interest rates, financial market performance, credit availability, insurance company ratings and stability. I acknowledge that any one of these risks could result in the Insurance Policy(ies) being surrendered and/or the Kai-Zen Trust and/or Insurance Trust failing to meet my expectations at the time of adopting the Insurance Trust and Kai-Zen Trust. These risks could also result in the Kai-Zen Trust's inability to satisfy its obligations under the premium financing arrangement. I acknowledge that Kai-Zen Plan Servicing, LLC shall have no liability or responsibility in the event the Insurance Policy(ies) fail to meet the financial projections as illustrated at the time of adopting the trusts. I further understand that a default of the Kai-Zen Trust under the premium financing arrangement may have a negative impact on my Insurance Policy(ies), including the possibility of surrender.
12. **Possible Additional Future Contributions.** The Kai-Zen Plan has been designed in a manner such that funding of the Insurance Trust should be completed in the first five (5) years based upon the contribution amounts indicated at the time of plan adoption. As indicated above, however, certain unanticipated and unexpected circumstances such as financial market performance, interest rates and other events could result in the Insurance Policy needing additional premiums beyond what was initially contemplated. **I understand and acknowledge that events may occur in the future that may require me to make additional contributions to the Insurance Trust for the purpose of paying additional premiums on the Insurance Policies. If additional trust contributions and premiums are needed the Kai-Zen Trust Administrator will inform me of the reason and amount of additional money required. I will then have the option to either make the additional contributions or have the Insurance Trust withdrawn or terminated from participation in the Kai-Zen Trust in accordance with the provisions of the trust documents.**
13. **No Guarantee.** Nothing contained in my Insurance Trust, the Kai-Zen Trust, nor any verbal or written representation by Kai-Zen Plan Servicing, LLC the lenders or insurance companies shall constitute a guarantee by such persons that the assets of the Kai-Zen Trust or Insurance Trust will be sufficient to pay any particular distributions or Benefits to any person or make any other payments. All payments from the Insurance Trust will be limited to the assets remaining in the Insurance Trust at the time payment is made. **I acknowledge that the selection of the insurance company and the type of Insurance Policy(ies) to provide the death benefits has been selected by me and that neither Kai-Zen Plan Servicing, LLC, the Kai-Zen Trustee, trustee of the Insurance Trust, nor lenders were involved with that decision and accordingly have no responsibility or liability for the performance or stability of either the Insurance Policy(ies) or insurance company I selected.**



**14. Default of Contribution.** I have agreed to make a specified number of annual contributions to the Insurance Trust for as set forth in the Insurance Trust Agreement. I acknowledge that my failure to comply with this contribution schedule may result in insufficient funds being available to maintain the Insurance Policy(ies). I understand that in the event of my failure or inability to comply with the contribution schedule, Kai-Zen Plan Servicing, LLC may and probably will, at their election, direct the Kai-Zen Trustee to terminate my participation in the Kai-Zen Trust. In the event of such termination, any Insurance Policy(ies) held by the Insurance Trust may be surrendered or a policy loan may be taken from the policy for the purpose of repaying to the lenders any funds that they loaned to the Kai-Zen Trust for the purpose of paying premiums on such policy(ies), and thereafter the net remaining value of the Insurance Policy(ies), after payment of principal and interest on the loan and any related costs, will be credited to my Insurance Trust and the Insurance Trust will be released from the Kai-Zen Trust. I understand and acknowledge that this may result in a loss of value and that the resulting value of the Insurance Trust may be less than the amount of contributions I have made to the Insurance Trust.

**15. No Involvement by Employer.** My decision to adopt the Kai-Zen Trust was made solely by me in consultation with my personal advisors and I am not required to purchase life insurance as a condition of any agreement with my employer or as a condition of receipt of any compensation or bonuses from my employer.

**16. Trust Agreements Received, Reviewed and Acknowledged Controlling.** I acknowledge that I have been provided with a copy of the Trust Documents which consist of the Kai-Zen Trust Agreement and Insurance Trust Agreement, that I have reviewed and understand the terms of such documents, and fully intend to comply with and be bound exclusively by the provisions thereof. I acknowledge that all of the terms, conditions and provisions of the Kai-Zen Trust and Insurance Trust are as contained in the trust agreements, that no oral modifications or representations have been made to me which are contrary to or inconsistent with the terms and provisions of the trust agreements and that no advisor, broker, agent, attorney, accountant or representative of Kai-Zen Plan Servicing, LLC, the Trustees, lenders or insurance companies have made any representations inconsistent with the trust agreements.

**17. Arbitration.** Any controversy or claim against Kai-Zen Plan Servicing, LLC, the administrators, attorneys, accountant and actuaries (including their officers, directors and employees) providing services to the Kai-Zen Trust or Insurance Trust, arising from or relating to a Settlor's participation in the trusts, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules. The decision of the arbitrator shall be final and binding and judgment on the award may be entered in any court having jurisdiction. Such arbitration shall be conducted in Dallas, Texas and the expense of the arbitrator shall be shared equally by the parties.

**18. Assistance of Personal Advisors.** My decision to adopt the Insurance Trust and Kai-Zen Trust, utilizing the documents and services provided by Kai-Zen Plan Servicing, LLC, has been based solely upon consultations with my personal advisors. In adopting the Kai-Zen Trust, I understand that I will be required to establish a personal Insurance Trust, based upon a prototype document provided by Kai-Zen Plan Servicing, LLC, by which my Insurance Trust will become a part of the Kai-Zen Trust. The Insurance Trust will incorporate by reference the terms of the Kai-Zen Trust Agreement. I understand that these are legal documents and that I will be bound by their terms. In making my decision to adopt the Trust I have reviewed all documents with the below named professional advisors prior to executing same:

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Phone: \_\_\_\_\_

☐ Attorney      ☐ CPA  
☐ Accountant  
☐ Other \_\_\_\_\_

☐ Attorney      ☐ CPA  
☐ Accountant  
☐ Other \_\_\_\_\_



**Adoption of Trust.** I hereby adopt the Kai-Zen Trust 50 as set forth in the Kai-Zen Trust Agreement dated June 10, 2022 as it may subsequently be amended.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name of Spouse (if spouse is also insured)

\_\_\_\_\_  
Signature