

ESOP UPDATE

Information about your Employee Stock Ownership Plan (ESOP)

Questions that “top the charts”

Like the greatest hits of your favorite artist, some questions are requested over and over. Below are some of the “most requested” ESOP questions. If they are familiar to you, you can help “spread the music” by letting your co-workers know the answers are summarized in your ESOP’s Summary Plan Description (SPD). Look for the **italicized** terms in your SPD for details about how your plan works.



When do I have an account in the ESOP?

All ESOPs have a defined criteria that employees must meet before they are eligible. It is common for there to be a period of time when you must be employed with the company and then specified entry dates during the year when you become a participant. If you are in the category of employees who are eligible, you enter the plan and then your account is ready to receive allocations that are made for that year. The specifics for your ESOP are in the ***Eligibility and Participation*** sections of the SPD. Be patient on the paperwork on your new status, individual statements are distributed in the ***Plan Year*** after you start participating.



Can I borrow from my individual ESOP account? For the majority of ESOPs the answer is “no.” This is because ESOPs hold the stock of your employer and if it holds other investments, they are generally earmarked to purchase stock in the future. You may see the term “loans” discussed in your SPD, but it is most often referring to loans made to the ESOP, not to ESOP participants from the ESOP. ***Participant loans*** are typically not permitted.



When can I request a distribution of my account? Your ESOP is not designed to provide quick cash; it is a retirement benefit. In most ESOPs, you can request to begin a distribution in the ***Plan Year*** after you have retired.

Make sure that you are retiring on or after ***Normal Retirement Age*** or another eligible retirement age as defined in your plan. If you leave before the defined age, there can be a waiting period of years before you can request a distribution of your vested value. Those who leave employment before retirement age, death or disability will receive notification in the year when they can request a distribution of their vested balance. ***Vesting*** will affect how much of your account can be distributed to you. The timing of your distribution can depend on your age and the size of your account. If you have a larger amount, for example, your plan may specify that it will be paid in installments. The specifics for your ESOP are in the ***Distribution for Other Termination of Service*** sections of your SPD or it may be covered in a separate distribution policy that your company may have adopted.