

ESOP UPDATE

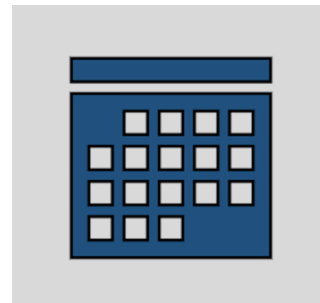
Information about your Employee Stock Ownership Plan (ESOP)

ESOP rewards go to those who stay

Workers with an ESOP are likely to have more in retirement savings compared to employees who don't have employee ownership. But an ESOP is not about short-term financial reward. You must remain employed with your company to get the most out of an ESOP's wealth-building capabilities.

Allocations accumulate over time

The early allocations to an ESOP account can be very small. But these are generally the tip of the iceberg! Consider that your employer could make routine contributions each year you work. This means that the more years you meet the criteria for an allocation and remain employed with the company, the more opportunities your account has to receive allocations.



Stock value can grow significantly in a healthy company

Company stock varies each year based on company performance. While there are no guarantees with stock value, a healthy and growing company will generally increase in value over time. Employees who stay with their employer for a career have many years for the stock value to grow.

In addition, if your employer's ESOP started with borrowed money, each share of stock will be positively affected as the company pays back the "mortgage." If a company is growing the value and repaying debt at the same time, the per share stock value can experience dramatic jumps. This is one reason growth in an ESOP can potentially be much steeper than a typical mutual fund or other retirement savings.

You receive the value others leave behind

Most ESOPs have a vesting period — which is a required number of years you must work to be able to claim the full value of your account. Your vesting rules are outlined in your Summary Plan Description (SPD). If an employee leaves before becoming fully vested, the unvested portion of the account is forfeited (given up). Forfeited amounts are reallocated to the employees who remain actively employed with the company. The longer you stay with your employer, the more forfeitures you can receive.

