

ESOP UPDATE

Information about your Employee Stock Ownership Plan (ESOP)

Why is there a waiting period for ESOP distributions? Who really benefits?

Most ESOPs have a provision for a waiting period before an employee who departs can begin to get the value of their vested ESOP account.



Typically those who leave after Normal Retirement Age can begin getting ESOP distributions in the year after leaving. Those who move on for another

reason may have a waiting period (6 years or retirement age) for the payments of a vested account to begin.

Who benefits from this? If you are an ESOP participant who remains in the plan, YOU benefit from these practices because they:

Continue company reinvestment needed to grow stock value

Your employer provides the dollars for ESOP payouts. The waiting period allows your company to keep on track with reinvesting in the future and implementing strategies for growing stock value (ESOP value).

Increase company stability with good planning

The waiting periods ensure that the company's planned strategy for using company cash is not disrupted by individual choices to leave employment.

Sustain a healthy employee ownership structure

The waiting periods smooth administration and help your company keep its commitment to pay ESOP distributions now and in the future. As a current ESOP participant, it's good for you because it strengthens the company's ability to continue sharing ownership with employees for many years to come.