

ESOP UPDATE

Information about your Employee Stock Ownership Plan (ESOP)

When do I get my ESOP money?

Whether you are an ESOP participant who has been watching your account grow for years or if you are just starting out with an ESOP account, you are probably interested in when you get the value.

The distribution of your ESOP account will happen when these three things are in place:

1) You have a vested account balance.

Most ESOPs have a period of years that you must work in order to have a right to take the value of your account with you when you leave. Check your personal statement for your current Vested Value.

2) You become eligible for a distribution.

Your distribution will happen after you leave employment. The rules on the timing for distributions are outlined in detail in your ESOP Summary Plan Description. Most ESOPs have a waiting period before you begin getting your distribution. This ensures that your company can properly plan for paying out participants for the fair market value of their stock. Larger balances might be paid in installments. Those who leave after Normal Retirement age generally begin getting their distribution in the year after they leave.

3) You request your distribution.

If you have under \$1,000 in value you can receive a distribution without taking action. If you have more than that, you will need to fill out paperwork and request a distribution. Make sure that your employer has the correct contact information for you even after you leave employment so you will receive the important paperwork on your ESOP account.

ESOP distributions, like any regular income, are taxable. Of course, you may choose to roll your ESOP over into a tax deferred vehicle like an Individual Retirement Account (IRA) or another plan that accepts roll overs. This defers the taxes.

