

# How is my Plan Account Taxed?

- Employee owners don't pay taxes on their Plan balance until it is paid out of the plan (much like a 401(k) plan or IRA). It's your very own tax shelter!
- When you get a Plan distribution, you can\*:
  - roll the amount into an Individual Retirement Account (IRA) and pay no taxes until later, or
  - have it paid to you and pay income taxes on the amount of the distribution. **If you are not yet 59½, you'll also owe a 10% penalty tax.** (These are the same rules that apply to other qualified retirement plans.)
- *\* Best practice: Speak with a financial advisor whenever electing a distribution from your account.*

# Ways to Increase Your ESOP Share Value

- Increase your Stock Value through your daily performance.
- You have the ability to influence the stock price through your daily efforts!
  - More profits mean a higher stock price.
  - Reduce expenses.
  - Improve productivity.
- Expenses can be reduced by:
  - increasing accuracy and/or efficiency,
  - finding and suggesting ways to do your job better, and
  - reducing inventory and supplies.

# Ways to Increase Your ESOP Account Value

- Earn more shares
- Become fully vested – each year you earn another 20% and are fully vested after age 65!!
- Increase your Stock Value
- Focus on both the stock price today and its value at retirement, when you will be paid.