

# ESOP Participant Rights

- You have the following rights as an Employee Owner and beneficial shareholder of the company through the ESOP Plan:
  - To Receive Information About the Plan
    - Summary Annual Report (SAR)
  - To Have Access to Plan Documents
    - Summary Plan Description (SPD)
    - Beneficiary Designation Form
  - To Receive Annual Account Statements
    - Participant Statement

# Annual Plan Contributions



Kline Electric, Inc.



Step 1: Contribution

Trust/  
Allocated Shares

Step 2: Loan  
Repayments

Unallocated Shares

**Step 1:** Kline Electric, Inc. pays the annual Plan contribution to Trust.

**Step 2:** Trust uses contribution to make annual loan repayment.

**Step 3:** Shares are released from the suspense account and proportionately allocated to eligible participants as the loan is paid.

Step 3: Shares  
Allocated to Participants



# How do I participate in the Plan?

- Participating in the Plan is a benefit of working for Kline Electric, Inc.
- Eligible employees enter the plan on January 1<sup>st</sup> or July 1<sup>st</sup> after meeting the following requirements:
  - Completion of 12 Months of Service
  - Or attainment of age 18, whichever is later
- If you are an employee owner, you will receive the Summary Plan Description (SPD) and the beneficiary form at your new employee orientation.

# Eligibility Examples

- When would employee #1 enter into the ESOP?
  - Hire date January 3<sup>rd</sup>, 2021 and age 23.
- When would employee #2 enter into the ESOP?
  - Hire date October 23<sup>rd</sup>, 2022 and age 17 with birth date of November 1<sup>st</sup>.
- When would employee #3 enter into the ESOP?
  - Hire date July 7, 2021 and age 32.
- When would employee #4 enter into the ESOP?
  - Hire date September 15, 2021 and age 27.