

Distribution Rules

What are the five distribution events that trigger a distribution:

1. Retirement (age 65)
2. Death
3. Disability
4. Termination (voluntary or involuntary)
5. Diversification (minimum age 55 and 10 years of participation in the Plan)

When Do I Get Paid?

Is there a distribution event while still employed?

- Diversification – What is Diversification?
 - The opportunity, as one approaches retirement age, to diversify closely held stock to other investments (ideally those valued daily or more frequently than once a year.)
- Diversification – After attaining **BOTH** age 55 and 10 years of participation in the plan, participants are eligible to request a distribution of up to 25% of the shares accumulatively. This includes all the shares that have ever been allocated in your account.
 - The optional diversification window is for 6-years and the distribution can occur during any of those six years.
 - In the final year of the diversification window, the cumulative eligible percentage increases from up to 25% to up to 50%.

Distribution Rules (Termination of Employment)

When do payments commence after termination of employment?

- In the case of **death, disability, and retirement** (age 65), distributions begin in the calendar year following the year in which the event occurred.
- In the case of **termination (voluntary or involuntary)**, distributions can be delayed until the end of the 6th Plan Year after the Plan Year in which you terminated employment.
- A participant who is no longer employed with the company will receive information concerning the particulars, including amounts, payout options available, and tax information, in an ESOP packet.

When do I get paid?

How and when do payments commence after termination of employment?

- Distributions of your vested account balance will be in the form of cash.
- Vested ESOP account balances may be paid in a lump sum or five annual installments determined by the Board of Directors.
- For vested account balances under \$1,000 your account balance will be issued directly to you.
- For vested account balances under \$5,000, but above \$1,000 your account balance will be transferred to an IRA (individual retirement account) in your name.

When Do I Get Paid?

Example: Participant retires (age 67) from the company on May 15th, 2025.

- Participant will be eligible for a distribution after the 2025 plan year has been completed on December 31st, 2025.
- The 2025 valuation and administration first must be completed to compute the account value as of December 31st, 2025. This will likely occur by June 2026.
- Distributions will be determined shortly thereafter and will likely be paid in early September 2026.