



# ESOP

(Employee Stock Ownership Plan)

## **BUILDING WEALTH AT WILSON ELECTRIC**

*Employee-Owned  
Our difference is our people*

### **THE ESOP CONCEPT**

Wilson Electric employees are employee-owners, meaning they own "shares" in the company through the ESOP.

The cash and number of shares held in your account may change each year based on company contributions, which are allocated based on a percentage of your pay.

As the company increases in value, the stock in the ESOP, including your shares, increase in value as well. However, that works both ways...a decrease in the value of the company may decrease the value of your shares.

Employees do not put their own money into the ESOP. The ESOP is fully funded by company contributions.

Each year the company's stock is valued by an independent, third-party appraiser. After a thorough audit of the company is completed, certificates are issued that reflect the updated value of the company's stock and the allocation of the company's contribution for that year.

After six years of service employees are 100% vested in the ESOP plan.

#### **How does the ESOP benefit you?**

As an employee owner, you can take satisfaction in knowing that your personal efforts can provide you with benefits above and beyond your regular wages and are helping to build toward your retirement.

As an employee owner, you have a greater stake in the company and an opportunity to reap the rewards of ownership.

## ESOP Quick Facts....

### Enrollment

You are automatically enrolled into the ESOP when you become eligible to participate. There is no enrollment form required. However, you do need to complete a beneficiary designation form for this plan. (The HR department has forms, remember to keep them up to date!)

### Contributions

Once you are enrolled you will be eligible to receive a contribution from the company to your individual ESOP account for each year that you have completed at least 1,000 hours of service during the plan year and are still employed by the company on the last day of the year.

### Vesting

You are 100% vested after six years of eligible service.

### Distributions

Retirement (at age 65) – Paid in five installments beginning the year after your employment ended.

**Termination** – If you are vested and you terminate employment before you reach the retirement age of 65, there is either a one or five year waiting period before distributions start depending on your account balance. If your vested balance is \$5,000 or less the entire distribution may be paid in a lump sum the year after your employment ends. If your balance is over \$5,000 you will be eligible to start receiving your vested account balance in five annual installments beginning in the sixth year after your employment ends.

### Valuation

Conducted annually by an independent third party appraiser. This determines the value of the shares for the current plan year.

### Statement

You will receive a statement each year which tells you what your account balance is and the current share value.



## Frequently Asked Questions

### *What determines my annual ESOP contribution? (How much do I get?)*

Employees receive a contribution from the company in stock or cash based on the employee's earnings as a percentage of total covered payroll. The amount contributed varies from year to year. There is no guarantee that contributions will be made yearly.

### *Why does the ESOP have a vesting schedule?*

Vesting is a means whereby employees gain a non-forfeitable right to the contribution in their account after a certain amount of time. It is a means to ensure that those employees with a long term commitment to the company will reap the most benefit from the plan.

### *When will I receive my benefits? (When do I get my money?)*

Once you have met the vesting requirements, you may receive your benefits after retirement, disability, death or termination of employment based on the Distribution Policy.

### *How do I know the value of my ESOP account? (How much the stock worth?)*

Each year you will receive a statement. Please make sure you keep your address updated with the human resources department even if you terminate employment. This is how participants are located to notify them when it is time to receive a distribution (get money!).

### *Do I have access to my account online?*

Yes, you have access to your account all year long through our 3<sup>rd</sup> party administrator Principal Financial. Register and log into your account at [www.principal.com](http://www.principal.com). Plan #8-13919. Questions call 800 547-7754.

### *Do I have any legal protection for my benefits?*

Yes, ERISA provides extensive protection for the plan. These protections are detailed in the ESOP's Summary Plan Document. The ESOP must be operated at all times for the "exclusive benefit" of the employees and their beneficiaries.

### *Does the ESOP guarantee my benefit?*

No, an ESOP cannot guarantee any particular stock value. An ESOP is an ownership plan, and all ownership carries the risk that the asset owned may decline in value.

\*This summary pamphlet is for informational purposes only and not intended to change the terms of the ESOP Plan Document & related policies.