

TOP 10 ESOP FAQs

EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

ESS is a 100% Employee Stock Ownership Plan (ESOP). This means our Company is owned by the people who work here. Being an employee-owned firm is integral to our Company identity. It's the foundation of our company values. It serves as a cultural catalyst, elevates our recruitment and retention strategy, and inspires high-performance amongst current employee-owners. It also establishes a direct link between the Company's performance and our personal wealth.

TOP 10 FAQs

Whether you're a veteran or a newbie to this whole ESOP thing, we're happy you're here. We're about to unpack the ten most frequently asked questions about the ESOP. You'll want to know this.



ESOP ADVANTAGE!

EMPLOYEE-OWNERS AT ESOP COMPANIES HAVE 2.5 TIMES
GREATER RETIREMENT ACCOUNTS THAN THOSE WHO WORK
FOR NON-EMPLOYEE-OWNED COMPANIES.

NATIONAL CENTER FOR EMPLOYEE-OWNERSHIP

QUESTION 1

What is an ESOP?

ANSWER

An ESOP is an Employee Stock Ownership Plan. It gives every eligible employee-owner the opportunity to own ESS Shares. This is really good news! It means your work directly impacts not just the company's bottom line, but your personal retirement account. Woo-hoo! #ShowMeTheMoney

QUESTION 2

Who is eligible for the ESOP?

ANSWER

You are eligible for the ESS ESOP if you are an employee-owner, who is at least 18 years of age, and has worked 1,000 hours. One thousand hours may seem like a lot - but it adds up fast! In most cases, the 1,000 hours needed to join the plan are earned in a single working season.

QUESTION 3

How do you join the plan?

ANSWER

Once your eligibility has been met, you are automatically entered into the plan. That's it! No paperwork, no phone calls, no extra hassles - nada - you're in!

QUESTION 4

Do I need to contribute to the plan?

ANSWER

No. All contributions are made by ESS. Unlike a 401(k), you don't have to pony up any of your own hard-earned moolah. Yeah - that's pretty awesome!

QUESTION 5

How do I receive shares?

ANSWER

Once you are eligible to participate in the plan, shares are added to your ESOP account in two ways:

1. Each year, the volume of annual contributions are approved by the Board of Directors. Your personal contribution amount is based upon the compensation you've earned that year. The 2024 employer contribution is 22% of your total eligible compensation. For example, if you earn \$50,000 in 2024, you could expect your ESOP contributions to be around \$11,000. Whoop!

2. When non-vested employee-owners leave the Company, their shares are forfeited and distributed among the active employee-owners' accounts. Your benefits team handles this for you during the plan year administration process. When you see the "forfeiture" line on your ESOP statement - that's what we're talkin' about here. A big "thank you" to those non-vested folks who walked away - we'll take what you left behind!

QUESTION 6

Can I elect to contribute so I can get more shares?

ANSWER

No, our plan does not have a purchase option available. This may initially sound like a bummer - but it's a great thing. Our plan is designed to stay balanced and sustainable. Refraining from having a purchase option is one of the ways we ensure our ESOP is thriving for generations to come.

QUESTION 7

When am I vested and what does that even mean?

ANSWER

You are fully vested in the ESOP after three years of service. A year of service is defined as 1,000 hours worked in a calendar year. Being fully vested is an important milestone! It means any allocation that has been placed in your ESOP account is 100% yours and cannot be forfeited. Yay!

Please note! If you leave the Company before you are vested, your shares are forfeited back to the plan, and you have no remaining interest in the plan. (Thank you, we'll take those - see Question 5, Answer 2.)

QUESTION 8

What if I don't reach 1,000 hours in a year?

ANSWER

Bad news: That year will not be recorded as a year of service for vesting or distribution purposes.

Good news: If you received any compensation that year, you may still be eligible to receive an allocation.

QUESTION 9

I'm fully vested and am leaving the company. What do I need to do?

ANSWER

We hate to see you go! Here are two helpful things to remember:

1. Please make sure your address is up to date in our Human Resources (HR) system. Not sure if it is? Please check with your local HR guru or send a note to benefits@esscompanies.com. Up-to-date contact information will help our teams send insights about your ESOP account after you leave. Help us help you!

2. There are several factors that will determine when and how you receive your ESOP funds - for example, your age at time of departure, the number of years you were with the company, and the reason you left. Each situation is unique, but in general, you can expect to receive a distribution packet with your options in late April of the year after your departure. Payments requested from this packet are typically made in June. If you're unsure of what to expect, please contact benefits@esscompanies.com. We're here to help!

QUESTION 10

As it relates to the ESOP, what qualifies as "retirement age"?

ANSWER

Effective January 1, 2022, to be considered retired, you need to be 59 ½ years old. Ready to retire? Well, congrats on the achievement - and hard hats off to you!

NEED MORE INFO?

ESOP EXPERTS ARE HERE TO HELP!

Need to know more Plan details? Want to inquire about your ESOP account balance or retirement options? Please contact Angie Richardson, Retirement & Finance Specialist or email benefits@esscompanies.com.

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