



Employee Stock Ownership Plan (ESOP)

Take stock in your financial future with your Employee Stock Ownership Plan (ESOP).

An ESOP is an extra benefit, in addition to your compensation and other benefits. It's a retirement plan where your employer makes contributions of employer stock for retirement on your behalf.

The most common form of employee ownership in the United States is through Employee Stock Ownership Plans.

You're more than just an employee— You're an Employee-Owner!

When you work for a company with an ESOP, you're more than just an employee—you're a part owner. Your employer shows their appreciation for your contributions by sponsoring and funding the ESOP, ensuring company decisions are made with the best interests of employee-owners like you in mind.

If you're ready to make the most of the benefits an ESOP offers, embracing your company's culture and taking pride in your work can significantly contribute to the growth of the ESOP. But how can you help increase the value of your company's stock?

- Lower costs
- Improve productivity
- Follow safety guidelines
- Increase customer satisfaction
- Generate sales

By focusing on the overall success of the company, you're also investing in yourself—gaining both job satisfaction today and the potential for a more profitable ESOP account in the future.

What's the difference between an ESOP and a 401(k) Plan?

ESOPs and 401(k) Plans are both types of workplace retirement plans, but they differ in how contributions are made. A 401(k) Plan allows for both employee and employer contributions, giving you the opportunity to select investments that align with your retirement strategy. Additionally, 401(k) Plans may offer flexibility in accessing funds through loans or in-service distributions, if permitted. On the other hand, ESOPs are funded solely by employer contributions, providing employees with ownership in the company.

The good news? You don't have to choose between them! Once eligible, you can contribute to your 401(k) Plan while also benefiting from your employer's contributions to the ESOP. This combination can help you build a stronger foundation for a secure retirement.

To get started with your 401(k) Plan, you'll need to enroll, decide on your contribution amount, choose your investment options, and designate your beneficiaries. Keep in mind that your 401(k) Plan is typically separate from your ESOP account.

Contact your employer to learn more and take the first step toward securing your financial future!



Things to Note

Contributions

ESOP contributions are made by the employer only and are made into company stock, whether publicly traded or privately held. The amount of stocks contributed is based upon a company formula, typically using your years of service and compensation as part of the calculation.

Enrollment

BPAS works closely with your employer to track eligibility. Once you are eligible, BPAS will enroll you, setting up your account for future contributions. While it is important that you understand when you are eligible, you do not need to compute your hours or enroll in the plan.

Account Valuation

If your company stock is publicly traded, you'll be able to review your account valuation daily. If the stock is privately held, the value will be determined at a set time frame, typically annually. As with all investments, there is risk involved. Depending on the stock's performance, your account may gain or lose value in any particular year.

You will receive account statements for your ESOP quarterly that include total shares, current share price, vesting, and total account balance. You can also access your account at any time at u.bpas.com. Be sure to review your account periodically and keep your contact information updated.

Vesting

To benefit employees who stay with the company for years, your employer establishes a vesting schedule. This means that while contributions go to your ESOP once you're eligible, you may not receive the full account balance if you leave prior to the vesting years of service. Review your plan's provisions for your vesting schedule.

Withdrawals

Once you retire or leave employment with the company, your vested ESOP balance will be available for withdrawals based on the plan's distribution features. However, your ESOP may have a withdrawal window, a timeframe after the account is valued that will allow you to withdraw the assets. Withdrawals outside of that window are not permitted. Please review the withdrawal window ahead of time to determine when your account assets will be available to you.

Withdrawals from an ESOP may be rolled into a Workplace Retirement Plan, an IRA, or an annuity with no taxes due at that time. Amounts withdrawn and paid directly to you are subject to Income Taxes.

Beneficiaries

Once you've met the vesting requirements, the money in your ESOP will be available for your retirement years. To ensure that your loved ones receive the assets in a timely manner, it's important to periodically access your account to review and designate beneficiaries

An ESOP not only provides a valuable retirement benefit but also fosters a sense of ownership, aligning your success with the company's growth and creating a stronger connection to your workplace.