



What is an Employee Stock Ownership Plan?



Penmac Staffing has been a proud employee-owned company since 2010. The vehicle that allows employee-owners like you to share in our growth and prosperity is our Employee Stock Ownership Plan, or ESOP. We make yearly contributions of stock or cash to the ESOP on behalf of all our employee-owners.

No action is required to join and there is no cost to you, whatsoever.

You will automatically become a member of the ESOP once you have worked for the company for 12 months within a calendar year. You must also log at least 1,000 hours in a calendar year for it to qualify as a credited year of service.

What is vesting?

Your ESOP account is subject to vesting. Vesting is the percentage of your ESOP account that is yours and cannot be taken back. The longer you work here, the more you vest. If you leave before you are 100% vested, the non vested portion of the balance will be forfeited.

Vesting schedule for ESOP participants hired before 1/1/2020:

Years of Vesting	<2	2	3
Percent Vested	0%	0%	100%

Vesting schedule for ESOP participants hired after 1/1/2020:

Years of Vesting	<2	2	3	4	5	6+
Percent Vested	0%	20%	40%	60%	80%	100%

Technically, an ESOP is a retirement plan, similar to a 401(k). However, unlike a 401(k):



You pay nothing for your shares; The company makes all the contributions to your ESOP account



Your account balance is tied to the share value of our company, not external securities



All shares are held in a Trust governed by an administrator, called a Trustee



What are the Benefits?

Every year, we contribute to your ESOP account. Your account grows from these annual contributions and from the reallocation of any forfeitures (the non-vested balances) of former employees.

The annual contribution is discretionary and is allocated to participants based on a formula which takes into account hours worked, years of service, and compensation.



How will you know what benefits you have earned under the ESOP?



Once a year you will receive an Account Statement — usually in September.



The value of your benefits is determined once per year by an independent appraiser.



The Account Statement will show the benefits you have earned and the value of those benefits.



That value is what is used to determine the value of your shares.

How does the company's performance affect your benefits?

The operating performance of Penmac Staffing, as well as prospects for the future of the company, are factors used to determine the value of the stock owned by the ESOP. Your account value is impacted by changes in our stock value. As a result, the value of your account can go up or down.

Remember, we all play an important role in helping our company achieve success.

The better we do as a team, the more it benefits your ESOP account.

Payment of Benefits

When & how are benefits paid?

The ESOP benefits are for retirement, so you generally cannot be paid your benefit until after employment ends. Keep in mind that:

- You are only paid to the extent you are vested.
- Payment generally will not begin until the internal ESOP loan is paid off. After that, payment will begin the sixth (6th) year after employment ends and will generally be paid out in five (5) equal installments.
- The distribution rules are subject to change, and there are some exceptions to the 6th year rule, such as in the case of normal retirement at age 65, disability or death.

Are you able to keep your stock when you leave the company?

The company is intended to be owned by the current employees, so once you leave, the company has the option (though NOT the requirement) to convert your ESOP account to a cash based investment.

For more information about the ESOP, please see the Summary Plan Description. In the event of a discrepancy between information provided herein and the Plan Document, the Plan Document shall prevail.

Questions? Contact:
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