



**Proudly 100% employee-owned**

## **What is an Employee Stock Ownership Plan?**

Palmer and Sicard, Inc. has been a proud employee-owned company since 2002. The vehicle that allows employee-owners like you to share in the growth and prosperity of Palmer and Sicard, Inc. is our Employee Stock Ownership Plan, or ESOP. We make yearly contributions of stock to the ESOP on behalf of 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 One (1) year.

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



**YOU PAY NOTHING FOR YOUR SHARES;  
PALMER AND SICARD, INC. MAKES ALL THE  
CONTRIBUTIONS TO YOUR ESOP ACCOUNT**



**THE ESOP INVESTS PRIMARILY IN THE  
STOCK OF PALMER AND SICARD, INC.,  
WHICH DOESN'T TRADE ON PUBLIC  
MARKETS**



**ALL SHARES ARE HELD IN A TRUST  
GOVERNED BY AN ADMINISTRATOR, CALLED  
A TRUSTEE**



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 stay with Palmer and Sicard, Inc., the more you vest, and this means that if you leave Palmer and Sicard, Inc. before you are 20% vested, all or part of the balance will be forfeited.

**All ESOP participants at Palmer and Sicard, Inc. have the same vesting schedule.**

<i>Years of Vesting</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>
<i>Percent Vested</i>	0%	20%	40%	60%	80%	100%

## 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 of employees who leave Palmer and Sicard, Inc. The annual contribution is based on your pay as a percentage of total payroll.

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



*Once a year you will receive an Account Statement.*



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



*The value of your benefit is determined once-a-year by an independent appraiser.*



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



## How does the company's performance affect your benefits?

The operating financial performance of Palmer and Sicard, Inc. as well as prospects for the future of the company factors used to determine the value of the stock owned by the ESOP. Your account value is impacted by changes in Palmer and Sicard, Inc's stock value, and as a result, the value of your account can go up or down, and in an extreme case, could potentially be worth nothing.

Remember, each ESOP member plays an important role in helping the company achieve success.

The better we do, 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 vested
- ❖ Distribution of vested balances begins in the year following separation from employment. The process typically begins in October.
- ❖ Distributions are made in increments of 20% of the vested balance over 5 years. If the balance is below \$5000 the payment is made in one lump sum.
- ❖ There are some exceptions, such as in the case of normal retirement at age 65, disability or death.

### What happens if you die?

If you die before you receive all of your benefits, your designated beneficiary will receive your ESOP Account.