ELIGIBILITY FOR ENROLLMENT IN THE SHULMAN ROGERS RETIREMENT PLAN

1. <u>Introduction</u>. One of the benefits of employment at the Firm is that you may participate in the SRGPE Retirement Plan subject to the plan's eligibility requirements. The retirement plan consists of employee contributions (401(k)) and employer contributions (profit sharing). These contributions are placed in investment funds selected by you. For information, Michelle King is the Plan Administrator, and "Fidelity Investments" is the trustee and record keeper of the Firm's retirement plan. National Financial Partners (NFP) is the Plan's investment advisor. Michael Hoch and Brian Jarosinski will schedule quarterly meetings to come into the office to meet with individuals and discuss their 401k plan.

2. <u>Automatic Enrollment Employee Contribution and Annual Increase Program</u>. You will receive a notification at home from Fidelity providing details on the automatic enrollment process along with enrollment information and investment options. ***You have 30 days from the Fidelity notification letter to decline enrollment or select a deferral %. <u>If you do not take action within 30 days & decline enrollment,</u>***

- ***you will be enrolled in the 401k plan;***
- ***become an active Retirement Plan participant;***
- ***<u>an automatic 401k payroll deduction of 3%; and</u>***
- ***Annual Increase Program.***

Shulman, Rogers has established an Annual Increase Program ("AIP"). With AIP, your contribution percentage will automatically increase by 1% annually on July 15th until you reach the AIP cap of 6% or Plan Limit.

You may begin participating in the traditional 401(k) and/or Roth 401(k) portion of the plan immediately. You participate by making contributions from your salary each payday to your 401(k) account(s). The traditional 401(k) pre-tax salary deferrals are placed into your account without being subject to income tax and are then permitted to grow tax free until withdrawn. The Roth 401(k) salary deferral option allows you to contribute after-tax dollars, but then withdraw tax-free dollars from your account when you retire. You may select any amount to place into your 401(k) accounts up to the federal government limitation ($19,500 for 2021; $26,000 for those 50 years of age or older in 2021). Your <u>total</u> contributions to the plan cannot exceed the above federal government limitation.

3. <u>Employer Contributions</u>. You may begin participating in the profit sharing portion of the plan as of the date you first perform an hour of service (usually the date you joined the Firm), provided that you have completed 1,000 or more hours of service during the plan year (calendar year). If you did not complete 1,000 hours of service during the plan year, then you will first become eligible to participate in the profit sharing portion of the plan on January 1 of the following year, provided that you complete 1,000 or more hours of service during that year. As a matter of policy, Firm profit sharing contributions are placed into your account in the year following the year in which they were earned (e.g. 2020 profit sharing contributions will be paid during the year 2021). These contributions are placed into your account without being subject to income tax and are then permitted to grow tax free until withdrawn. Although not required to do so, the Firm's profit sharing contributions currently equate to 5% of an eligible employee's total compensation up to the Social Security wage base and 9% of total compensation above the wage base (5% and 10%, respectively, for income shareholders). If you are not sure that you are eligible for Firm profit sharing contributions, please contact Michelle King or Katie Bitonti.

4. Account Transfers (Rollovers). If you have an account in a qualified plan with a former employer, you may transfer, or "rollover," the funds to your account in the Firm's plan. If you desire to rollover funds, please see Katie Bitonti. We will determine first if it is possible to transfer; and second, what has to be done to complete the transfer. It is important for these funds to flow directly from plan-to-plan. Otherwise, your former employer is required to withhold 20% for tax purposes, and the federal government makes it difficult to get it back. Your former employer is obligated to instruct you on what to do to accomplish the transfer from their perspective.

5. Vesting Schedule. Contributions made by you to a 401(k) account or rollover account are 100% vested, meaning that you actually own the entire account balance to include any investment gain. Contributions made by the Firm to your profit sharing account are vested according to the six year vesting schedule contained in the SRGPE Retirement Plan (i.e. less than 2 years of service = 0% vested; 2 years of service = 20% vested; 3 years of service = 40% vested; 4 years of service = 60%; 5 years of service = 80%; 6 years or more of service = 100%).

6. Enrollment. You will receive a notification at home from Fidelity providing details on the automatic enrollment process along with enrollment information. ***You have 30 days from the Fidelity notification letter to decline enrollment/select a deferral % or there will be an automatic 401k payroll deduction of 3%***

If you have any questions, please contact Michelle King (x5213) or Katie Bitonti (x6236).