



Employee Stock Ownership Plan

ESOP

Summary Guide



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INTRODUCTION

The JMT Brand

is the concept of who we are as a company, how we should interact with each other and our clients, and what makes JMT stand out. Our brand is our competitive advantage. "One JMT" means acting in the best interest of JMT, as a whole, while fulfilling JMT's mission and adhering to JMT's brand.

Our Brand Values

- We personally care
- We collaborate to get the right results
- We focus on long-term strategy
- We build lasting relationships
- We take initiative
- We create opportunities
- We learn, grow, and contribute
- We have integrity and are unpretentious
- We minimize internal bureaucracy
- We take pride in JMT's success



Our ESOP

was established to provide employees with a beneficial ownership in the company. It is a fantastic way to recognize and reward our loyal and hard-working employees. Living the JMT Brand has greatly contributed to the current success of our firm, and it will continue to contribute to our future success. As such, we reward our employee owners through the ESOP.



More
Productive



Faster
Growing



More
Profitable

WHAT IS AN **ESOP?**

An Employee Stock Ownership Plan (ESOP) is a qualified retirement plan, much like a 401(k). JMT has what is called a KSOP which is a combined ESOP and 401(k) plan.

There are tax advantages that make ESOPs even more attractive. As a 100 percent Employee Owned S-Corporation, the ESOP allows us to operate federal income tax-free. This isn't a loophole, but an incentive created by congress to encourage ESOPs and employee ownership. Many states have adopted similar tax treatment on state income tax.

If this isn't enough to pique your interest—research shows ESOP companies are more productive, faster growing, and more profitable because of the ownership culture among employees. What's more, the ESOP is a significant retirement benefit at no cost to employees!

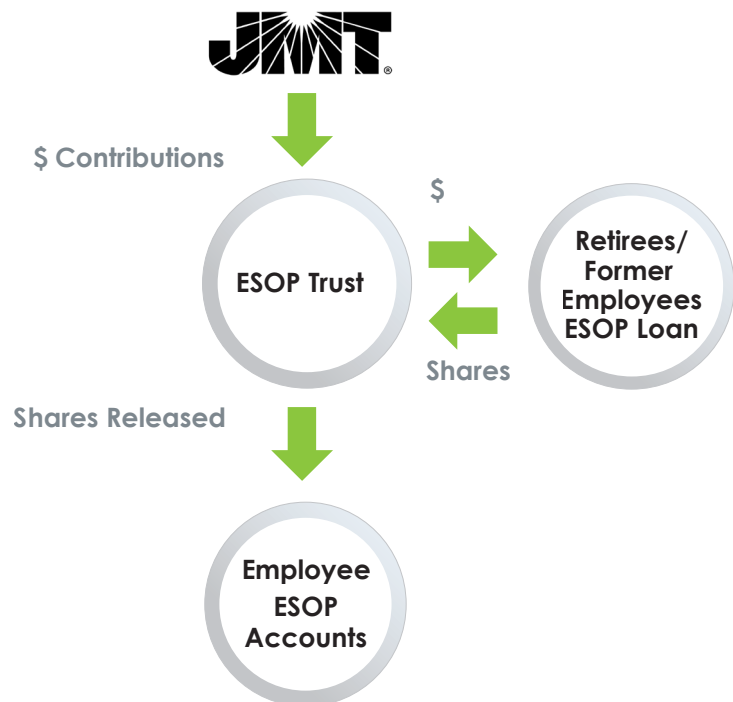
HOW OUR ESOP WORKS

JMT established an ESOP trust—a legal entity which holds shares of stock for of our employee owners.

Our employee stock option plan (ESOP) is governed by many of the same rules as 401(k) plans, but unlike a 401(k), an ESOP is funded entirely by the company.

1. Each year, JMT declares a contribution to the ESOP trust based on the prior year's profitability.
2. JMT uses this contribution to buy shares from retirees or former employees and pay down their current outstanding ESOP loan. Our ESOP trust provided this loan, so JMT could become 100% employee owned. Since our ESOP plan's inception in 1999, JMT's cumulative contributions to the ESOP program have exceeded \$83 million.
3. Within the trust, shares are allocated to active employees' retirement accounts based on their eligibility and our contribution formula—covered later in this summary.

This process, along with our stock value (determined by an independent appraisal firm), takes place on an annual basis.



GOVERNING STRUCTURE AND ROLES

Within an ESOP company, there is a governing structure and roles that are important to understand.

The **ESOP Trustees** are responsible for safeguarding the interests of employees and voting the stock owned by the ESOP trust on routine matters. Some examples include the appointment of the Board of Directors and attestation of the reasonableness of the company's share price. Non-routine matters which would be the sale of substantially all of the company's assets would require the vote of the Employee Owners or Plan Participants.

The **Board of Directors** primary duties include the appointment of the company's officers who handle the daily matters of the company and the appointment of the ESOP Trustees.

The **ESOP Committee** provides guidance to the ESOP Trustees on matters affecting the plan. We then have **ESOP Ambassadors** throughout the company who help promote and educate our employees on our ESOP.

ESOP Trustees

Board of Directors

ESOP Committee

Employee Owners

ESOP Ambassadors

ELIGIBILITY

Our ESOP has two requirements, Eligibility into the ESOP and Eligibility for an ESOP Contribution.



Automatically enrolled
no forms to complete



Waiting Period
one year of service and
at least 1,000 hours



ESOP Eligible
on the first of the month
after satisfying the
waiting period

You must be 18 years of age and satisfy the waiting period. One year of service is defined as the 12 month period beginning on your date of hire if you complete at least 1,000 hours of service. (There are no forms to complete, and enrollment happens automatically the month following your satisfaction of the one year of service requirement).

Congratulations! You are now eligible for the ESOP!

Note: If you join the JMT ESOP as part of a merger, there may be certain protected benefits that apply to your situation. Please review the plan document for further details or contact the Human Resources department.

CONTRIBUTION

Now that you are eligible for the ESOP, you must meet certain criterion to receive a portion of the ESOP contribution declared by the JMT Board of Directors.

These criterion include:

- You must work 1,000 hours in the plan year (defined as January to December).
- You must be employed as of December 31st of that plan year.

Exceptions to employment as of December 31st:

- You are 65 years of age or older and retire from JMT.
- You pass away or become disabled.
- You are classified as a seasonal employee. In this status, your eligibility for an ESOP contribution will not be interrupted as long as 1) you moved to seasonal status prior to December 31st; 2) you returned to active employment by April 1st of the next year; and, 3) you worked 1,000 hours in the prior plan year. If you are moved to seasonal status after December 31st, the requirement to be back by April 1st no longer applies since you were employed on December 31st of the plan year.

If you meet the criteria listed above, the amount allocated to your ESOP account is determined by the ratio of:



STOCK VALUE

The value of your ESOP account is based on the number of shares in your account multiplied by JMT's stock value.

Our stock value is determined annually by an independent appraisal firm, whose diligence is monitored by the plan trustees.

Since 2011, the average ESOP contribution has been between 5-6% of eligible compensation for our employee owners, making this a significant portion of an employee's total compensation.

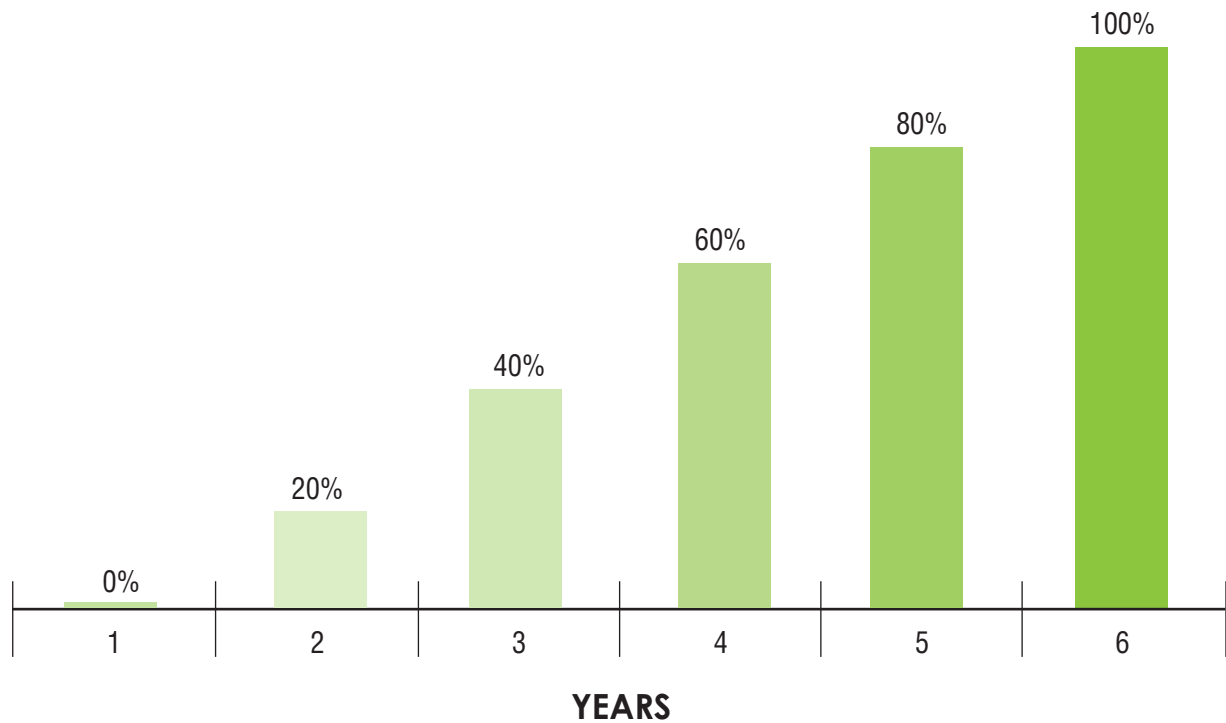
ESOP Stock Value



VESTING

Our ESOP is a vested benefit.

Your “vested interest” is the portion of your account which you fully own. This grows with your years of service until you become 100% vested. Employees earn a year of vesting for every year they work at least 1,000 hours.



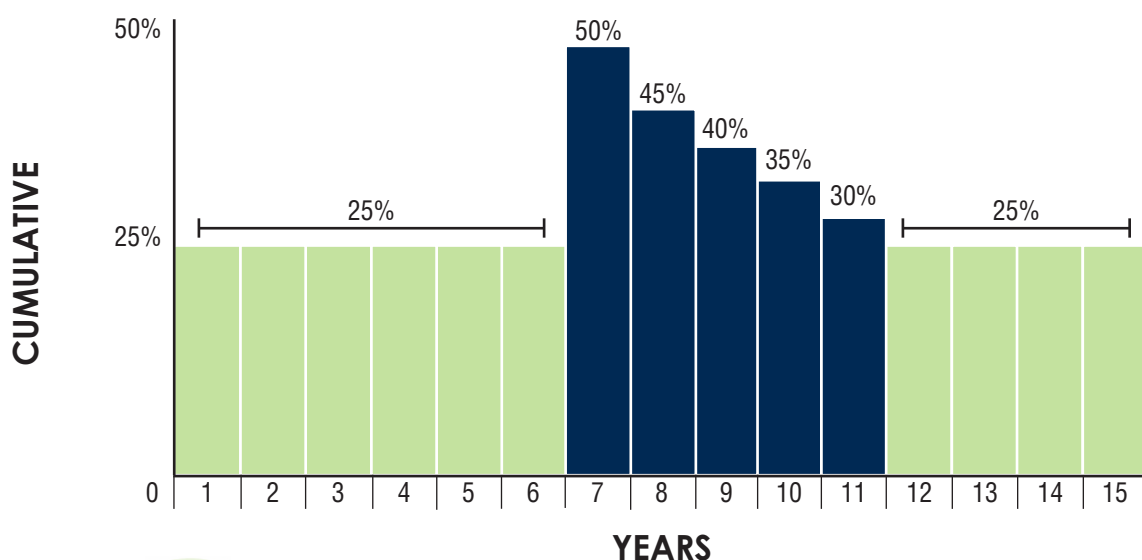
DIVERSIFICATION

One of the features of our ESOP is diversification, which is the process of allocating investments in a way that reduces risk or volatility by investing in a variety of assets. In other words, it's a "don't keep all of your eggs in one basket" approach.

As you approach retirement, you have the option to diversify a portion of your ESOP account. The portion of your ESOP account you choose to diversify will be transferred to the 401(k) and invested in the mutual funds you elect. This is an optional annual election that is irreversible. To be eligible for diversification, you must be 55 years of age or older and have at least 10 years of ESOP plan participation.

From the time you are eligible, you have a five-year period in which you can diversify up to 25% of your ESOP share balance. In the sixth year, you may diversify an additional 25% of your ESOP share balance or up to 50% if you have not previously diversified. After the sixth year, if you have not previously diversified, you may continue to elect diversification, but the diversification percent will decrease 5% per year.

When electing diversification, funds will be transferred to your 401(k), however the record keeping will not appear on your online ESOP statement until the following plan year because ESOP record keeping only occurs one a year.



DISTRIBUTION

When the time comes for you to begin withdrawing from your retirement plan, the following distribution options will apply.

In-Service Distribution (Optional) – As an active employee you can only request a distribution from the vested portion of your ESOP account if you:

- Reach normal retirement age (65) and are working part-time OR
- Reach age 70 1/2.

Separation of Employment (Death, Disability, Retirement at age 65) – You may request a distribution which will commence during our stock transaction after the end of the Plan Year in which the event occurred. You will automatically become 100% vested in your plan account.

Example: Marcus is 66 years old and 80% vested in the ESOP. They plan to retire from JMT on May 15th, 2021.

- Marcus will become 100% vested in the ESOP due to age (over 65, normal retirement age according to our plan).
- Marcus can choose to request a distribution from the ESOP the Plan Year following his retirement, or during the July Stock transaction in 2022.

DISTRIBUTION

Separation of Employment (Other) – You may request a distribution which will commence in the 5th Plan Year following your separation of employment, if you so choose.

Example: Courtney is 45 years old and 40% vested in the ESOP. They resigned from JMT on August 23rd, 2021.

- Courtney will remain 40% vested in the ESOP.
- Courtney can choose to request a distribution from the ESOP in the 5th plan year following her separation from JMT during the July Stock transaction in 2026.

Required Minimum Distribution

When you reach age 72 and are no longer working, you may be required to take a minimum distribution from the vested portion of your ESOP account.

Payment

In all cases, distributions are typically handled annually in July and are paid in the form of cash. They may be distributed in five substantially equal, annual installments with a minimum installment level of \$20,000 per year. Additionally, if your vested ESOP balance is below certain thresholds, you may receive a forced cash out of that balance in the plan year following your separation.

Taxes

Just like any other retirement plan, the contributions and earnings are not taxed while in your account. However, it is considered taxable upon distribution unless it is rolled over to another tax deferred plan.

YOUR ONLINE ACCOUNT

You can track your ESOP balance through our annual ESOP statement or through your online account with Principal. Accounts are traditionally updated in May of each year for the previous Plan Year. Please ensure you have designated a beneficiary on your retirement plan account with Principal. The ESOP follows the beneficiary designation you have on the 401(k) side.

For more information:

- Visit the ESOP page on my.JMT.com
- Contact Human Resources
- Reach out to your local office ESOP Ambassador



Stock Transaction Schedule



Stock valuation and annual ESOP contribution announced.



Stock transaction events continue to be processed by our record keeper, and eligible employees will receive an annual ESOP statement that shows their activity for the prior plan year.

EXAMPLE

Date of Hire: 6/15/19

One Year of Service: 6/15/20 | ESOP Eligible (Monthly Entry): 7/1/20

Year 2019

Worked > 1,000 hours from Date of Hire 6/15/19 to Plan Year End 12/31/19

ESOP Contribution: No, not eligible for the ESOP yet

Vesting: Yes, worked > 1,000 hours - 1 Year vested at 0%

Year 2020

Worked > 1,000 hours from Plan Year start 1/1/20 to Plan Year End 12/31/20

ESOP Contribution: Yes, based on wages ("eligible compensation") from 7/1/20 (ESOP Eligible date) to 12/31/20. Allocated to your ESOP account July 2021 during our next stock transaction.

Vesting: Yes, worked >1,000 hours - 2 Years Vested at 20%

Year 2021

Worked > 1,000 hours from Plan Year start 1/1/21 to Plan Year End 12/31/21

ESOP Contribution: Yes, based on wages ("eligible compensation") from 1/1/21 ("Plan Year start") to 12/31/21. Allocated to your ESOP account July 2022 during our next stock transaction.

Vesting: Yes, worked >1,000 hours – 3 Years vested at 40%

MY INFORMATION

Date of Hire: _____

One Year of Service: _____

ESOP Eligible (Monthly Entry): _____



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Offices strategically located throughout the United States.



This booklet contains information on the ESOP component of JMT's ESOP and 401(k) retirement savings plan and trust. It is an attempt to explain the plan and benefits to you as clearly and briefly as possible. Complete terms of the ESOP can be found in the plan document. If there is a discrepancy between the information contained herein and that which appears in the plan document, the plan document will prevail.

June 2022 Edition