



Employee Stock Ownership Plan

# ESOP

## Summary Guide



# CONTENTS

**INTRODUCTION** .....3

**WHY WE ARE AN ESOP** .....4

**HOW OUR ESOP WORKS** .....5

**GOVERNING STRUCTURES AND ROLES** .....6

**ELIGIBILITY** .....7

**CONTRIBUTION** .....8

**STOCK VALUE** .....9

**VESTING** .....10

**DIVERSIFICATION** .....11

**DISTRIBUTION** .....12

**YOUR ONLINE ACCOUNT** .....14

**STOCK TRANSACTION SCHEDULE** .....14

**EXAMPLE** .....15

# 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 ownership interest 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**

## WHY WE ARE 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.

The benefit of being an ESOP is having a culture where we strive to empower our employees to take initiative, create opportunities, and contribute to the success of the firm. Our success is celebrated through the ESOP which provides a direct connection between our hard work and organizational outcomes such as our growth (geographically, physically and financially) and our stock value.

Additionally, there are tax advantages that make being an ESOP attractive. For example, as a 100% Employee-Owned organization, the ESOP allows us to operate federal income tax-free. This allows us to have cash available to invest back into the organization through mergers & acquisitions, new programs and benefits for our employees, and internal initiatives, to name a few.

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!

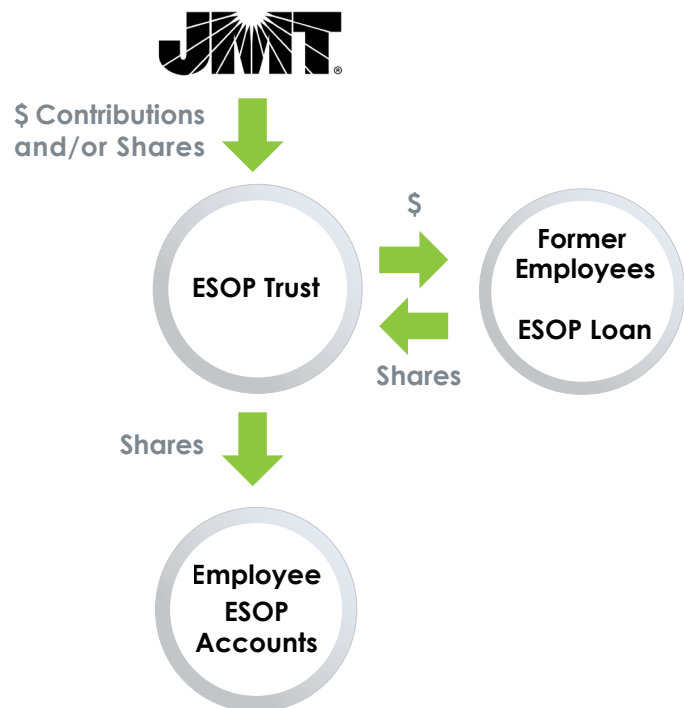
# HOW OUR ESOP WORKS

Our 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 (a legal entity which holds shares of stock for our employee owners) based on the prior year's profitability.
2. The ESOP trust uses this contribution to buy shares from retirees or former employees and pay down the outstanding ESOP loan. The ESOP loan allowed JMT to become 100% employee owned since 2011. Since our ESOP plan's inception in 1999, JMT's cumulative contributions to the ESOP program exceed \$90 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 assets of the ESOP trust, and serve in a fiduciary role to act in the interests of Plan Participants. Trustee duties include fulfilling the role of the shareholder and voting the stock owned by the ESOP trust on all routine matters, such as the appointment of the Board of Directors and reviewing the company's valuation and resultant share price as completed by a third party appraisal firm.

The **Plan Participants** are the current and former employees who are the beneficial owners of stock in the ESOP trust. Beneficial owners enjoy the benefits of ownership even though the title to the shares are in the name of the ESOP trust. On certain non-routine matters, such as the sale of substantially all of the company's assets, Plan Participants would vote their shares.

The **Board of Directors** oversee the business affairs of the company. Its primary duties include the appointment of the company's officers, and oversight of the company's business executives who handle the day-to-day matters of the company. The Board also authorizes the appointment of the ESOP Trustees and ESOP Committee members.

The **ESOP Committee** provides direction and guidance to the ESOP Trustees, and also vote jointly with the Trustees to elect the company's Board of Directors. The ESOP Committee includes appointed employee representatives to serve and support ESOP initiatives and employee-ownership awareness.

The **ESOP Ambassadors** help promote our ESOP initiatives and employee-ownership awareness at a local office level.

ESOP Trustees

Plan Participants

Board of Directors

ESOP Committee

ESOP Ambassadors

# ELIGIBILITY

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



## Congratulations you are eligible for the ESOP!

Employees, age 18 or older, are immediately eligible to participate in the ESOP upon their date of hire or January 1, 2023, whichever is later. There are no forms to complete and enrollment is automatic.

*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.

## **Hours Requirement**

In year one, you must work more than 20 hours per week on average from your date of hire to December 31st.

Your average number of weekly hours will be calculated based on the total hours you are compensated, divided by the number of weeks from your date of hire through the last payroll of that calendar year.

Then in subsequent years, you must be compensated for at least 1,000 hours in the calendar year.

For our interns, your first year of employment will be when you are hired as a regular employee and not as part of the internship program.

## **Employment Requirement**

You must be employed as of December 31st. The only exception to this employment requirement is if you are 65 or older and retire, you become disabled or you pass away.

If you meet the criteria listed above, your portion of the ESOP contribution will be based on your eligible compensation from your ESOP eligibility date through the last payroll of the calendar year. Eligible compensation includes, but is not limited to Regular Pay, Overtime, Bonus, Awards, Holiday, Paid Time Off and Caregiver Leave. Historically, this ESOP contribution has been between 5-6%\* of your eligible compensation.

Example: If you were paid \$64,900 in the calendar year, assuming all other contribution criteria are met, you will receive an ESOP contribution of \$3,245. This represents 5% of your eligible compensation and would be posted to your ESOP account during the next stock transaction the following calendar year.

*\* Past performance is no guarantee of future results.*



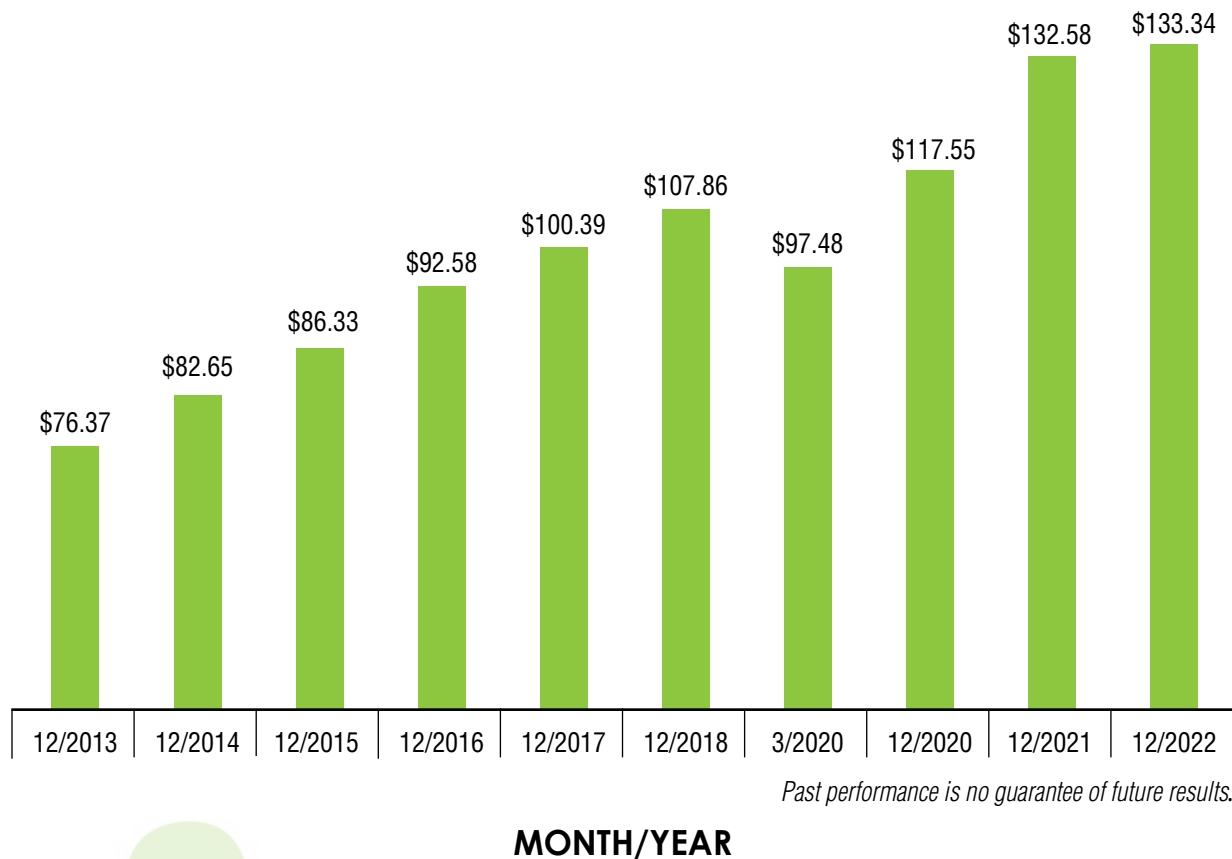
# STOCK VALUE

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

Our annual stock valuation is performed by an independent third party appraisal firm, whose diligence is monitored by the Plan Trustees.

This value is a testament to our hard work throughout the year. Living our brand everyday is the catalyst for a strong valuation. For example, exceeding our clients' expectations while performing projects on time and at or under budget is a key to our success. This not only leads to repeat work, but provides financial gains for all of us through the ESOP.

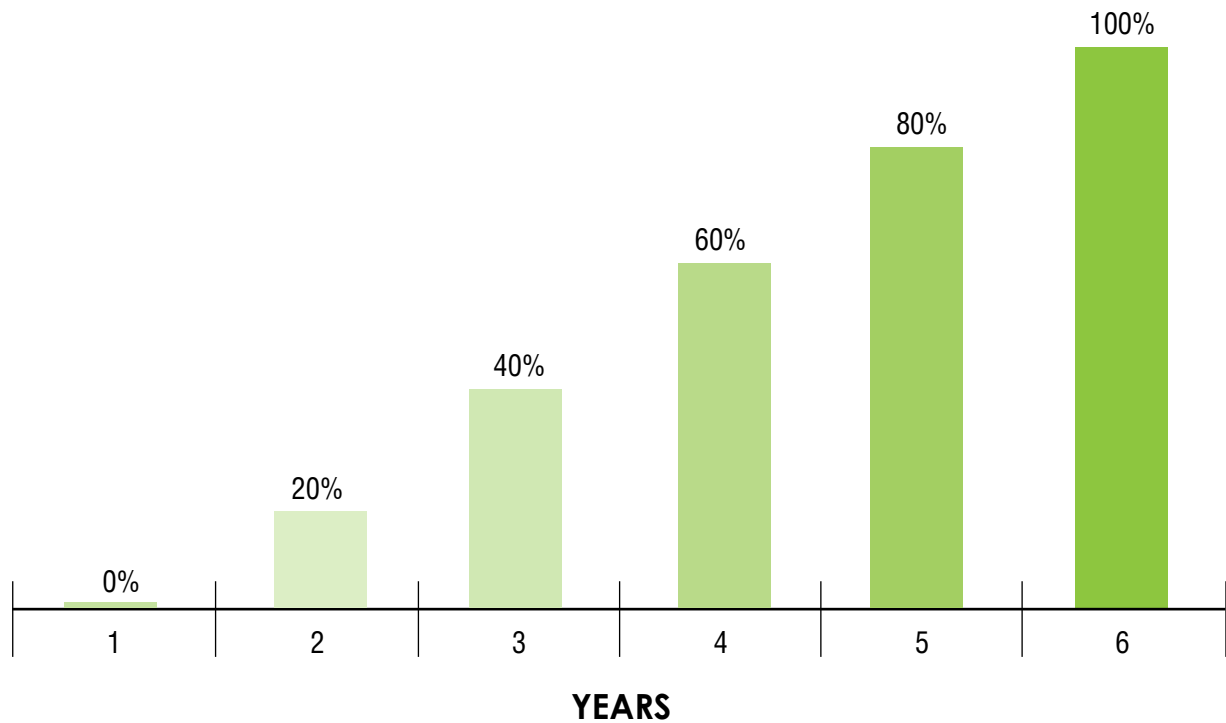
## ESOP Stock Value



# 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.

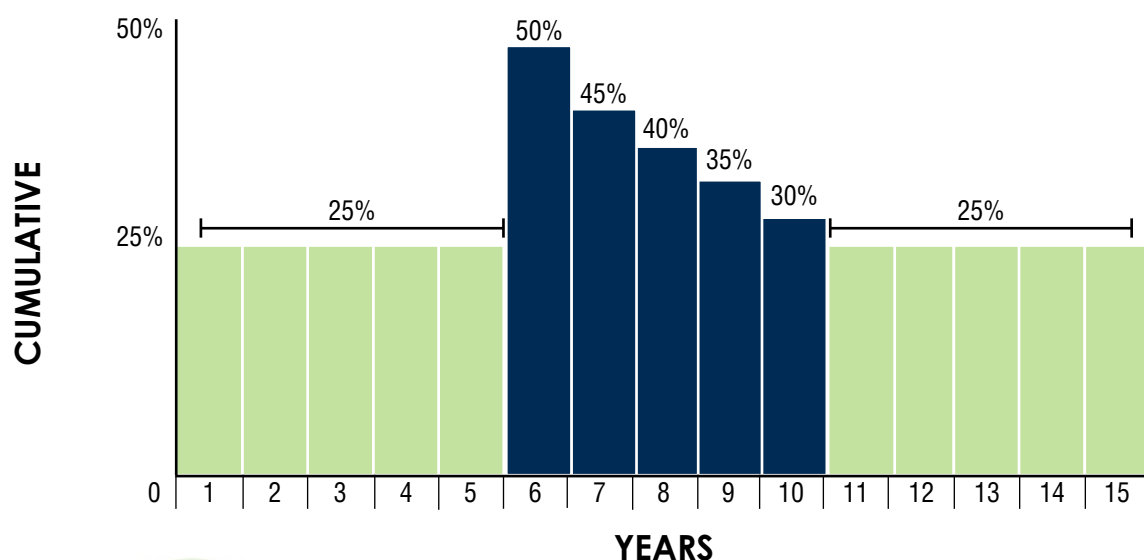


# DIVERSIFICATION

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.



# DISTRIBUTION

When the time comes for you to withdraw from your retirement plan, you will need to consider your ESOP distribution options.

## Reason for Distribution:

**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 73.

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

**Separation of Employment (Other)** – You may request a distribution which will commence during our stock transaction after the end of the calendar year in which the event occurred, if you so choose.

## Required Minimum Distribution

When you reach age 73 and are no longer working, you may be required to take a minimum distribution from the vested portion of your ESOP account.

# DISTRIBUTION

## Payment & Taxes:

### Payment

In all cases, distributions are typically handled annually in July and are paid in the form of cash. They are 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.

## Diversified ESOP Account:

You may request a distribution of your diversified portion of your ESOP account immediately following your separation from JMT. Part-time employees who have reached normal retirement age (65) may also request this distribution.

# YOUR ONLINE ACCOUNT

You can track your ESOP balance through your 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](http://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

## ESOP Eligibility

Enter your date of hire, or January 1, 2023, whichever is later: \_\_\_\_\_

## ESOP Contribution

Did you work an average of more than 20 hours per week from your ESOP eligibility date through December 31st?

**Year 1**

✓ YES

**Year 1** - You will receive an ESOP contribution based on your eligible compensation earned from your ESOP eligibility date to December 31st.

- This will be received during our annual stock transaction in June the year following.

**Year 2** - You must work 1,000 hours or more in a plan year to receive an ESOP contribution.

**Year 1**

✗ NO

**Year 1** - You are not eligible for an ESOP contribution yet.

**Year 2** - You must wait until you work 1,000 hours or more in a plan year before you will receive an ESOP contribution.

In all cases, you must be employed on December 31st to receive an ESOP contribution unless you left the company due to retirement (age 65 or older), disability or death.



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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.

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