CU EMPLOYMENT, INC.
401(k) Profit Sharing Plan and Trust

Questions and Answers

A. What is 401(k)?

401(k) is the section of the Internal Revenue Code which allows you to contribute pre-tax money to your Company's retirement plan.

B. What are the benefits of saving long term in a 401(k) Plan?

The Plan Offers Additional Retirement Security

You can set aside money in the plan to help provide for a comfortable retirement. This is in addition to Social Security benefits and your other personal savings.

Participation Is Easy

Payroll deduction makes participation convenient. After you decide how much you want to save, it is automatically deducted from your paycheck and deposited to your 401(k) account.

Tax Savings On Your Contributions

Your contributions are free of federal and state income tax until they are withdrawn. This allows you to save more money.

Tax Savings On Your Investment Earnings

Like the contributions to your account, the earnings on your account are not taxed until they are withdrawn. This allows your account to grow faster.

The Company Contributes Based On Your Contribution

The Company may contribute to the Plan each year based on what you put in. This gives you an immediate return on your savings.

Investment Choices

You may select from various investment options, based on your individual financial goals. Each investment fund is managed by professional money managers. You may invest in any or all of the options.

C. Who is eligible to participate?

All employees who have completed 1 year of service with CU Employment, Inc. with at least 1,000 hours of service and have attained age 21 will be eligible to participate in the Plan on the next available entry date (see Question D).

D. When can I begin making contributions to the Plan?

Once you meet the above eligibility requirements, you may enter the Plan on January 1, April 1, July 1 or October 1.

E. How do I join the Plan?

You will indicate the percentage of your pay that you wish to contribute to the Plan on the enrollment form. The Company will deduct that percentage from each paycheck and deposit it to the Trust on your behalf.

F. How much can I contribute to the Plan?

Most employees may save between 1% and 100% of compensation (including base pay and overtime) with a maximum dollar amount of $19,500 for 2021. This maximum dollar limit may change every calendar year. Employees over the age of 50 are eligible to make catch-up contributions with a maximum amount that may change each year. Certain key employees, owners and highly compensated employees may not be able to place the full dollar limit into the Plan. These employees will be notified as to the amount they are allowed to place into the Plan.

G. May I change the amount I contribute?

Yes, you may change the percentage of pay you are saving in the Plan effective January 1, April 1, July 1, and October 1. To change your percentage, complete the appropriate form which is available at the Company. The form must be turned in at least <u>two weeks prior</u> to the change dates.

H. How often can I change my investment options?

You may change your investment options on a daily basis. Tom Murfee, Certified Financial Planner® (205.871.9515 or 800.600.0947), is available for investment questions and counseling. The Customer Service number for Voya is (800) 584-6001.

I. How much will CU Employment, Inc. contribute?

CU Employment, Inc. has the option to make a discretionary matching contribution. For 2021, the match formula is 50% of the first 3% of your pay. The match may vary from year to year.

J. What is vesting? How does vesting apply to my contributions and the Company's contributions?

The vested portion of the account is the part that belongs to you. You are always 100% vested in the portion of the account balance you have contributed.

The portion of the Company's contributions which belongs to you depends on how long you have worked for CU Employment, Inc.:

Discretionary Matching and/or Profit Sharing Contribution
Vesting Schedule

Years of Service	Vesting Percentage
1 Year	0%
2 Years	20%
3 Years	40%
4 Years	60%
5 Years	80%
6 Years	100%

NOTE: Upon retirement, total disability or death, you are 100% vested immediately.

K. How will saving in the Plan affect my take-home pay?

You will not pay federal and state income taxes on the amount you contribute to the Plan. On your W-2, your federal and state taxable income will be reduced by the amount you save in the 401(k); so you pay fewer taxes. The exact effect on your take-home pay will depend on the amount you contribute and your individual tax bracket.

Example: Assuming that you have an approximate combined federal and state tax bracket of 20%, a contribution of $50 each month would result in a $10 deferred tax (20% of $50). You would therefore only miss $40 (not $50) from your paycheck.

L. Who has access to money in the Plan?

All money contributed to the Plan is held in Trust for the benefit of <u>you</u> or your designated beneficiary in case of your death. Neither CU Employment, Inc. nor their <u>Creditors</u> have access to the Plan's assets for their benefit.

M. Is my 401(k) account insured?

No. Because the assets of the investment funds are associated with the stock market and are completely separate from the assets of CU Employment, Inc., there is no FDIC insurance coverage. The risk level of each investment fund varies, as well as the expected rewards. In general the higher the capital risk, the higher the expected return.

N. Can I withdraw money from my 401(k) account?

You can receive money from the Plan for the following reasons:

1. Retirement
2. Total disability
3. Death (to your named beneficiary)
4. Termination of Employment
5. Financial Hardship
6. In-Service Withdrawal at Age 59 ½

If you terminate (leave) employment, distributions or rollovers will be made as soon as administratively possible each month.

O. What is considered a financial hardship?

You must have an immediate and heavy financial need. Withdrawals for <u>financial hardship</u> are limited to deferrals only and may be allowed for the following reasons:

1. Medical expenses of employee, employee's spouse or dependent
2. Purchase of employee's principal residence
3. Tuition for the next year of post-secondary education for employee, employee's spouse or dependent (includes books and fees)
4. Prevent employee's eviction from his principal residence or foreclosure on mortgage on his principal residence
5. Burial or funeral expenses for the employee's deceased parent, spouse, children or dependents
6. Expenses for repair of damage to the employee's principal residence that would qualify as deductible casualty expenses (without regard to the 10% "floor" for deductibility).

O. What is considered a financial hardship? (Continued)

A financial hardship withdrawal must be necessary to satisfy the employee's need. It will be considered necessary if:

1. It does not exceed the amount required to relieve the need.
2. The employee has obtained all other distributions available under any plan of the employer.

A **hardship** withdrawal is subject to normal taxes. If the withdrawal is made prior to age 59½, a 10% penalty tax will also be imposed by the IRS. Effective 1/1/99, the 20% withholding no longer applies to hardship distributions, and hardship is no longer eligible for rollover.

P. Will I be taxed on a withdrawal?

Distributions received from a 401(k) Plan before the participant reaches age 59½ are subject to a 10% penalty tax. If the distribution is rolled over to an IRA or employer-sponsored qualified plan, the penalty tax will not apply.

Distributions eligible for **rollover** to an IRA or another qualified plan are subject to the mandatory 20% withholding if the distribution is not directly rolled over.

Exceptions to the premature distribution 10% penalty tax include separation from service after attaining age 59½, death and disability.

Q. What happens if I change jobs?

If your new employer has a retirement plan, you may be able to transfer the assets that you have accumulated into the new plan. You also have the option of transferring your accumulated assets into an IRA (Individual Retirement Account) to retain the tax-deferred status.

R. What if I have an IRA?

You can contribute to both an IRA and the 401(k) plan. However, new tax laws have put some restrictions on who may make deductible IRA contributions. Many people can no longer make deductible contributions if either the employee or their spouse is an active participant in their employer's retirement plan. Your IRA deductibility may also be limited if your individual income or combined income is over a certain level.

S. May I transfer money from another plan into this Plan?

Yes, once you are a participant in the Plan, you may make rollover distributions from another tax-qualified plan into this Plan.

T. How do I find out about my account?

You will receive a statement of your account every quarter from Voya. In addition, you may view your account through the internet. If you have any questions concerning your account, contact your personnel department.

U. Does my account have a beneficiary?

At the time you enroll in the Plan, you will designate a beneficiary of your account. If you are married and choose to name a beneficiary other than your spouse, you must obtain your spouse's written, notarized consent (refer to "Spouse's Waiver of Death Benefits" on back of the beneficiary form).

V. Does the CU Employment, Inc. 401(k) Profit Sharing and Trust Plan have a Roth Provision?

Yes, your 401(k) offers an additional contribution option called the Roth 401(k). It offers you the opportunity to take tax-free distributions when you retire (as long as you meet certain qualifications) – in exchange for paying taxes on your contributions upfront. Please contact the personnel department to see if this option is right for you.

This question and answer information is intended to serve only as a general summary of your actual plan. You should refer to the actual Plan and Trust documents for answers to legal or technical questions. In cases where the discussion in this question and answer information appears to conflict with one or more provisions of the actual Plan or Trust documents, the Plan and Trust documents will govern. You can ask your employer to see the Plan and Trust documents.