Vesting

Overview
A plan document’s vesting provisions define the conditions participants must meet in order to become entitled to a portion or all of the employer’s contributions made to their retirement account.

These common vesting schedules define the rate or percentage of employer contributions to which an employee becomes entitled to based on length of service:

<table>
<thead>
<tr>
<th>Vesting schedule</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediate</td>
<td>Participants are immediately 100% vested in employer money.</td>
</tr>
<tr>
<td>Cliff</td>
<td>Participants must work a certain number of years before they are eligible for any employer money.</td>
</tr>
<tr>
<td>Graded</td>
<td>Participants are entitled to a greater vested percentage for each year of service.</td>
</tr>
</tbody>
</table>

While each employer money source may have a different vesting schedule, employee contributions are always 100% immediately vested for participants and are never subject to a vesting schedule.

Accelerated vesting
Plans may allow participant vesting to be accelerated to 100% under certain circumstances without meeting plan defined vesting rules and schedules.

Client calculates vesting
- The Plan Administrator or Third Party Administrator (TPA) manages vesting calculations.
- Vesting information does not display on statements, the Participant’s online account, or Plan Service Center (PSC).
- The Plan Administrator or TPA provides vesting information for participant withdrawal and loan requests.

Empower provides Information Only vesting services
- The Plan Administrator or TPA provides data needed to calculate vesting to Empower.
- Empower calculates vesting based on plan-provided vesting data and plan vesting rules.
- Vesting information displays on statements, the participant’s online account, and the Plan Service Center (PSC).
- The Plan Administrator or TPA provides vesting confirmation for participant withdrawal and loan requests.
Empower provides Full Vesting services

- The Plan Administrator or TPA provides data needed to calculate vesting to Empower.
- Empower calculates vesting based on plan-provided vesting data and plan vesting rules.
- Vesting information displays on statements, the participant's online account, and the PSC.
- Empower uses the calculated vesting amount for participant withdrawal and loan requests.
- The Plan Administrator or TPA does not provide vesting confirmation for participant withdrawal and loan requests unless data needed to calculate vesting is missing at the time a participant initiates a loan or distribution.

Additional Vesting Information

For more information regarding vesting calculation and vesting service levels click on the following link: Vesting Whitepaper.

How it works

Client calculates vesting

Client

- Tracks and records participant information needed to calculate vesting.
- Notifies participants of their vested balances.
- Provides participant vesting information as part of withdrawal and loan request review and approval.

Empower

- Forwards good order withdrawal and loan requests to the Plan Administrator or TPA for review, approval, and to provide vesting information.
- NOTE: When Empower does not provide vesting services, money sources subject to vesting are not available to participants who request a loan.

Empower provides Information Only vesting services

Client

- Includes vesting data needed to calculate vesting on each payroll file.
- NOTE: Plans that do not include vesting data on each payroll file must provide vesting information at least annually for display purposes.
- Confirms or updates participant vesting information as part of withdrawal and loan request review and approval.

Empower

- Calculates vesting for participants for information purposes only.
- Displays vesting percentages on participants' online accounts, PSC, and quarterly statements.
- NOTE: When Empower does not provide full vesting calculation services, money sources subject to vesting are not available to participants who request a loan.
## Empower provides Full Vesting services

**Client**

- Includes data required to calculate vesting information on payroll files.
- If data needed to calculate vesting for a participant is missing, provides participant vesting information as part of withdrawal and loan request review and approval.

**Empower**

- Loads required data from payroll files to participant accounts.
- Calculates vesting for participants.
- Displays vesting percentages on participants’ online accounts, PSC, and quarterly statements.
- Processes loan and withdrawal requests received in good order using the calculated vesting amount.
- **NOTE:** When Empower provides full vesting services, money sources subject to vesting are available to participants who request a loan based on the most current vesting data provided by the Client.
- **NOTE:** Additional Plan Administrator or TPA review may be required depending on the type of loan or withdrawal requested and recordkeeping services provided by Empower.

The non-discretionary recordkeeping and administrative services described in this Service Overview are general in nature and reflect the standard service offering. Service descriptions are not specific to any plan provision or administration practice. The recordkeeper may agree to provide an alternate service arrangement, as applicable, if separately requested by the Plan Sponsor.