401(k) Salary Deferral Plan

Earn money for your retirement. When you make contributions to your 401(k), you defer income tax on those contributions. In addition, your contributions also earn Company contributions through Ancon's 401(k) match. This Company contribution is available to each Ancon employee who is eligible to participate* and who makes 401(k) deferrals by payroll deduction.

How it Works:

- **Eligibility** - Employees become eligible to participant in the 401(k) Salary Deferral Plan on the first day of June or December after you have attained age 18, completed 1,000 Hours of Service in a Plan Year, and are a covered employee (active employee of Ancon Construction). The Plan Year runs from June 1 through May 31.

- **Investment –**You may elect to put a tax-deferred portion of your weekly wages into an account invested in various investment funds that you choose and may change at any time. 401(k) deferrals are subject to IRS annual contribution dollar limits.

- **Automatic –** You have the right to choose the amount you want to put into your account and the right to change that amount every six months, June 1 and December 1 annually. If you do not choose a percentage or designate your preference to opt out, we are required according to the Ancon Employee Stock Ownership and Salary Deferral Plan to put 3% of your wages into the plan for you, but you never lose your right to put in less than that or nothing at all by completing the election form during the open enrollment period.

- **Match –** Ancon assists you in your retirement goals, by matching a certain percentage of the amount that you put aside into your 401(k) account. Historically, the Company matches 25% of your 401(k) deferral, up to the first 10% you contribute. The Company match is made annually following the close of the Plan Year (after May 31). To qualify for the company match, you must be a current Ancon employee as of the close of the Plan Year. The company match is based on actual employee deferrals during that Plan Year.

- **Vesting** - You are immediately 100% vested in any amount you put into the 401(k) Salary Deferral Plan or any amount Ancon matches.

- **At Retirement or Termination – Taxable Status -** Upon your retirement or termination of employment from Ancon:

    1) You may continue the tax-deferred status of your contributions by rolling your account balance into another employer's qualified plan or into an IRA.

    2) If you elect payment of your account balance directly to you, your pre-tax contributions become taxable. 20% Federal Income Tax is withheld from your distribution. If you are under age 59-1/2, an *additional* 10% Federal Income Tax will be due when you file your income tax return for the year in which you received the distribution. State income tax is not withheld from distributions unless requested by the participant and must be paid when filing your state income tax return for the year of distribution.

3) Gross distribution amounts must be reported as income on your Federal and State tax returns for the year of distribution. Form 1099R will be issued to you by January 31 of the following calendar year, stating the gross distribution amount as well as any Federal, State and/or Local income tax withheld.

EXAMPLES:

- The current maximum **company match** is 25% of the first 10% of employee contributions.
- If you defer 10% of your gross, Ancon's match is an additional 2.5% of your gross (25% of your 10%).
- If you defer 5% of your gross, Ancon's match is an additional 1.25% of your gross (25% of your 5%).
- If you defer 3%, Ancon's match is an additional .75% of your gross (25% of your 3%).
- If you defer 1%, Ancon's match is an additional .25% of your gross (25% of your 1%).
- If you defer nothing, you are gaining nothing!!!

Annual Gross Wages	Employee 401(k) deferral rate	Employee Annual Pre-Tax Contribution	Company Annual Pre-Tax Match	Total Annual 401(k) Contributions
$40,000	10%	$4,000	$1,000	$5,000
	5%	$2,000	$ 500	$2,500
	3%	$1,200	$ 300	$1,500
	1%	$ 400	$ 100	$ 500
	0%	$ 00	$ 00	$ 00

- Don't miss this great opportunity to receive a matching contribution and make your retirement funds grow!