

# **OTTER TAIL CORPORATION RETIREMENT SAVINGS PLAN**

## **SUMMARY PLAN DESCRIPTION**

January 1, 2023

### **Summary Plan Description for Regular, Non-Union Employees and Union Employees, Except Union Employees at Coyote Station**

The Plan has two separate Summary Plan Descriptions. See the “General Information About Your Plan” section of this summary for information on the other Summary Plan Description.

# OTTER TAIL CORPORATION RETIREMENT SAVINGS PLAN

## SUMMARY PLAN DESCRIPTION

### Table of Contents

GENERAL INFORMATION ABOUT YOUR PLAN .....	1
BECOMING A PARTICIPANT IN YOUR PLAN .....	2
Eligibility Requirements	
Recognized Employment	
CONTRIBUTIONS TO YOUR PLAN .....	3
Elective Deferral 401(k) Contributions	
Catch-up Contributions	
Roth 401(k) Contributions	
Employer Matching Contributions	
Employer Profit Sharing Contributions	
Enhanced Employer Contributions	
Vesting in Your Plan	
Rollovers	
Forfeitures	
Plan Contribution Limits	
Recognized Compensation	
Participant Directed Investments	
BENEFITS UNDER YOUR PLAN .....	8
Normal Retirement	
Disability Retirement	
Death Benefits	
Married Participants	
Beneficiary Forms	
Automatic Payment	
Distribution of Benefits Upon Termination of Employment	
BENEFIT PAYMENT OPTIONS .....	10
Pre-Retirement Distribution of Benefits	
Hardship Withdrawals	
How to Request a Distribution	
Treatment of Distributions From Your Plan	
Qualified Domestic Relations Orders	

Type of Plan	
Uniformed Services Employment and Reemployment Rights Act of 1994 and Heroes	
Earnings Assistance and Relief Tax Act of 2008	
Top Heavy Rules	
Fees and Expenses	
SERVICE CREDITING RULES.....	13
Collective Bargaining Agreement	
Hour of Service	
One Year Break in Service	
LOANS .....	14
Loan Requirements	
CLAIM PROCEDURES.....	15
A Claim For Benefits	
Steps in Filing a Claim	
Steps in Filing Request for Review	
In General	
Time Periods	
Limitations Period	
Exhaustion of Administrative Remedies	
Administrative Safeguards	
Definition of Relevant	
STATEMENT OF ERISA RIGHTS.....	178
AMENDMENT AND TERMINATION OF THE PLAN.....	199

## OTTER TAIL CORPORATION RETIREMENT SAVINGS PLAN

### SUMMARY PLAN DESCRIPTION

This booklet is a summary of the Otter Tail Corporation Retirement Savings Plan. It describes the general operation of the plan and outlines your rights and obligations under the plan. It is, however, only a summary. It does not describe every feature of the plan, nor is it used to administer the plan.

Neither the receipt of this booklet nor the use of the term “you” indicates that you are eligible for a benefit under the plan. Only those employees who satisfy the eligibility requirements and other criteria contained in the plan are eligible for a benefit. Neither the receipt of this booklet nor the terms of the plan creates a right for you to be retained in employment.

The plan’s official terms are in the document entitled “Otter Tail Corporation Retirement Savings Plan.” The plan administrator will only use the plan’s official document to administer the plan and resolve any disputes. If there is a discrepancy between this summary and the plan document, the plan document will control.

The plan has two separate Summary Plan Descriptions. See the “General Information About Your Plan” section of this summary for information on the other Summary Plan Description.

### GENERAL INFORMATION ABOUT YOUR PLAN

**Plan Name:** Otter Tail Corporation Retirement Savings Plan

**Plan Number:** 011

**Plan Year:** January 1st to December 31st

**Sponsoring Employer:** Otter Tail Corporation  
4150 19<sup>th</sup> Ave SW  
Fargo, ND 58106  
(866) 410-8780

**Employer E.I.N.:** 27-0383995

The Sponsoring Employer is also your Plan Administrator. Your Plan Administrator keeps the records for the plan and is responsible for the administration of the plan. The Plan Administrator has discretionary authority to construe the terms of the plan and make determinations on questions which may affect your eligibility for benefits.

Your Plan Administrator has retained Principal Financial Group to maintain the records for the plan, provide investment services for the plan’s participants and answer any questions you may have about your plan. Questions regarding the plan or your account in the plan should be directed to:

PRINCIPAL FINANCIAL GROUP  
PO BOX 9394  
DES MOINES, IA 50306-9394  
FAX: 1-866-704-3481

Information about the plan or your account in the plan is also available via the internet at: [www.principal.com](http://www.principal.com)

The plan allows companies of Otter Tail Corporation to adopt its provisions. You or your beneficiaries may examine or obtain a complete list of employers, if any, who have adopted the plan by making a written request to the Plan Administrator.

**Plan Trustee:**

Your plan's Trustee has been designated to hold and invest plan assets for the benefit of you and other plan participants. The trust fund established by the plan's Trustee will be the funding medium used to accumulate the assets from which benefits will be distributed. Questions for the plan Trustee can be directed to:

PRINCIPAL FINANCIAL GROUP  
PO BOX 9394  
DES MOINES, IA 50306-9394  
FAX: 1-866-704-3481

**Service of Legal Process:** The General Counsel of Otter Tail Corporation is designated as agent for service of legal process against the plan. The address for service on the General Counsel of Otter Tail Corporation is:

General Counsel of Otter Tail Corporation  
4150 19<sup>th</sup> Ave S  
Fargo, ND 58103

Also, service of legal process may be made upon Otter Tail Corporation as Plan Administrator or upon the Trustee (see above for contact information).

**Employer:** When used in this summary, the term "Employer" means Otter Tail Corporation or any affiliate of Otter Tail Corporation that is a participating employer in the plan.

**Other Summary Plan Descriptions:**

The plan has two separate summary plan descriptions:

- This summary plan description for regular, non-union employees and union employees, except union members at Coyote Station; and
- The summary plan description for union members at Coyote Station.

**BECOMING A PARTICIPANT IN YOUR PLAN**

**Eligibility Requirements:**

To become a participant, you must be classified by the Employer as being in Recognized Employment and you must attain age 18. If you satisfy these requirements, you will become a participant in the plan on the first day of the month coincident with or next following the date you are hired.

Shortly after your hire, you will receive an enrollment kit in the mail. The enrollment kit will provide information about enrollment in the plan and the investment choices offered to you.

**Recognized Employment:**

In general, "Recognized Employment" means all workers classified by the Employer as employees for both payroll and personnel purposes. But this excludes service classified by the Employer as:

- (1) employment under a collective bargaining agreement unless that agreement expressly provides for the employee's coverage;
- (2) employment as a nonresident alien;
- (3) employment as a United States citizen or a United States resident alien outside the United States unless the Committee designates such employees as eligible;
- (4) employment in an Employer division or facility not in existence on January 1, 2001, unless the Committee designates such employees as eligible;
- (5) employment that the employee has agreed in writing will be excluded;
- (6) employment as a temporary employee; and
- (7) employment as a project employee.

Workers not classified by the Employer as employees for both payroll and personnel purposes are not in Recognized Employment, including, but not limited to, service as a leased employee, leased owner, leased manager, shared employee, shared leased employee, temporary worker, independent contractor, contract worker, agency worker, freelance worker, or other similar classification.

The Plan Administrator's classification of you at the time you are included in or excluded from Recognized Employment is conclusive. Any uncertainty regarding your classification will be resolved by excluding you from recognized employment. See the plan for details.

## CONTRIBUTIONS TO YOUR PLAN

### Elective Deferral 401(k) Contributions:

You may elect to defer up to 50% of your gross compensation each payroll period instead of receiving that amount in cash. These deferrals are referred to as "Elective Deferral Contributions." However, your total deferrals to all plans in any calendar year may not exceed a dollar limit which is set by the IRS. The limit for 2023 is \$22,500. This limit may increase annually.

You may modify your election at any time. You may do this by using the **Participant Contact Center**, an automated telephone system (1-800-547-7754), or via the Internet ([www.principal.com](http://www.principal.com)). The **Participant Contact Center** is available Monday – Friday 6:00 AM – 10:00 PM Central Standard Time and the Internet location is available 24 hours a day, 7 days a week. Your modification will become effective as soon as administratively feasible. Your election will remain in effect until you modify or terminate it.

If you fail to make an affirmative election, you will be deemed to have made an election equal to the automatic enrollment percentage, which is currently 3% of pay. You can change this automatic election at any time by using the **Participant Contact Center**, an automated telephone system (1-800-547-7754), or via the Internet ([www.principal.com](http://www.principal.com)). The **Participant Contact Center** is available Monday – Friday 6:00 AM – 10:00 PM central standard time and the Internet location is available 24 hours a day, 7 days a week. **If you do not change this automatic election, your Employer will automatically withhold 3% of your pay each payroll period as your contribution to the plan.**

If you have not made an affirmative election and you have been a participant for at least nine months as of any December 31st, your contribution percentage will automatically increase by 1% each year until your contribution percentage equals 10%.

The amount you defer, and any earnings on that amount, will not be subject to income tax until it is distributed to you.

If your total deferrals under all plans for a calendar year exceed the annual dollar limit, the excess must be included in your income for the year. If you decide that the excess should be distributed from this plan, you should communicate this in writing to the Plan Administrator no later than the March 1st following the close of the calendar year in which such excess deferrals were made. The Plan Administrator may then return the excess deferral and any earnings to you by April 15. If you fail to request such a return, you will be taxed a second time when the excess deferral is ultimately distributed from the plan.

**Catch-up Contributions:**

If you will be age 50 or older before the end of the year, you may make contributions in addition to your Elective Deferral Contributions. The additional contributions are called “Catch-up Contributions.” To be eligible to make a Catch-Up Contribution, you must satisfy the following two requirements: (1) you must be age 50 or older (if you will attain age 50 during the calendar year, then you satisfy this requirement), and (2) you must either contribute: (i) the maximum dollar amount of Elective Deferral Contributions permitted under federal law (\$22,500 for 2023), or (ii) the maximum percent of your pay permitted under the plan (50% of your pay). The Catch-up Contribution limit for 2023 is \$7,500. *Note:* You are required to contribute the maximum amount of elective deferrals for the calendar year before you may make Catch-Up Contributions.

**Roth 401(k) Contributions:**

You also have the option of designating all or some of your Elective Deferral Contributions (and Catch-up Contributions) as Roth contributions. Unlike pre-tax contributions, Roth contributions are made on an after-tax basis, which means they are included in your federal taxable income in the year contributed (and are subject to social security taxes at that time). A benefit to making Roth after-tax contributions is that these contributions, plus their earnings, will not be taxable at the time of distribution provided it is considered qualified. A distribution is considered qualified if the distribution occurs after:

- your attainment of age 59-1/2, disability or death, and
- the fifth anniversary of the date on which your first Roth contribution is made to the Plan

You must affirmatively elect to designate contributions as Roth contributions. If you are subject to an automatic election, your Employer will withhold at your applicable contribution percentage on a pre-tax basis.

**Employer Matching Contributions:**

Your Employer may make discretionary Matching Contributions to the Plan each payroll period equal to a percentage of your Elective Deferral Contributions, to be determined by the Employer. For a participant to qualify for a Matching Contribution, the participant must be making Elective Deferral Contributions to the Plan and must be actively employed by an Employer that decides to make Matching Contributions for the Plan Year. Additional Matching Contributions will be made after the end of the Plan Year if your Employer determines that you did not receive the maximum Matching Contributions based on your total Elective Deferral Contributions that you contributed after becoming eligible for Matching Contributions (“true-up contributions”).

Additional information about any Matching Contribution to be made by your Employer will be provided to you by your Employer.

### Employer Profit Sharing Contributions:

Your Employer may contribute a discretionary amount determined each year called the “Profit Sharing Contribution.”

Your Employer’s discretionary Profit Sharing Contribution, if made, will be allocated or divided among participants eligible to share in the contribution for the Plan Year. Your share of the contribution will depend upon how much plan compensation you received during the year and the compensation received by other eligible participants.

Your share of your Employer’s Profit Sharing Contribution will be determined by the following fraction:

$$\frac{\text{Employer's Profit Sharing Contribution}}{\text{Total Compensation of All Participants Eligible to Share}} \times \text{Your Compensation}$$

For example: Suppose the Employer’s discretionary Profit Sharing Contribution for the Plan Year is \$20,000. Employee A’s plan compensation for the Plan Year is \$25,000. The total compensation of all participants eligible to share, including Employee A, is \$250,000. Employee A’s share will be:

$$\frac{\$20,000}{\$250,000} \times \$25,000 = \$2,000$$

For a participant to qualify for the Employer’s Profit Sharing Contribution, the participant must be actively employed on the last day of the Plan Year.

You will share in the Employer’s Profit Sharing Contribution for the year regardless of your employment on the last day of the Plan Year in the year of your death, disability or retirement at or after age 62.

### Enhanced Employer Contributions:

#### *Eligible Employees of Otter Tail Corporation*

For eligible employees of Otter Tail Corporation, your Employer may contribute a discretionary amount determined each year called the “Enhanced Employer Contribution.”

Your Employer’s discretionary Enhanced Employer Contribution, if made, will be allocated or divided among participants eligible to share in the contribution for the Plan Year. Your share of the contribution will depend upon how much plan compensation you received during the year and the compensation received by other eligible participants.

#### *Eligible Employees of Otter Tail Power Company*

For eligible employees of Otter Tail Power Company (other than those employed in a union position), your Employer may contribute a discretionary amount determined each year called the “Enhanced Employer Contribution.”

Prior to the beginning of each Plan Year, each Profit Center will determine and announce the “enhanced contribution percentage,” which is the percentage of recognized compensation which will be contributed as an Enhanced Employer Contribution to eligible employees. If no such determination is made, then the “enhanced contribution percentage” is 0% for that Plan Year. Each Profit Center may increase (prospectively or retroactively) or decrease (prospectively only) the “enhanced contribution percentage” for a Plan Year.



*Eligible Non-Coyote Power Station Union Employees*

For eligible employees in a union position (but not employed at the Coyote Power Station), your Employer will contribute an amount each year called the “Enhanced Employer Contribution.” If you qualify for the Enhanced Employer Contribution, the contribution will be equal to 5% of your recognized compensation for the year.

For any participant to qualify for the Enhanced Employer Contribution, the participant must (1) not be currently accruing benefits under the Otter Tail Power Company Pension Plan, and (2) be actively employed on the last day of the Plan Year by an Employer that decides to make Enhanced Employer Contributions for the year.

You will share in the Enhanced Employer Contribution for the year regardless of your employment on the last day of the Plan Year in the year of your death, disability or retirement at or after age 62.

**Vesting in Your Plan:**

Your right to the value of any Employer Matching Contribution and Enhanced Employer Contribution made on your behalf and the earnings on such contributions is called “vesting.” Your “vested percentage” in your account is determined under the following schedule and is based on your credited Years of Service.

**Vesting Schedule**

<u>Years of Service</u>	<u>Percentage</u>
1	20%
2	40%
3	60%
4	80%
5	100%

You will have completed a Year of Service for vesting purposes if you are credited with at least 1,000 Hours of Service during a Plan Year, even if you were not employed on the first or last day of the Plan Year.

Regardless of this vesting schedule, you are always 100% vested in your Elective Deferral, Roth, Catch-up, Rollover, QNEC and Transfer Contributions. If you were credited with at least one Hour of Service on or after January 1, 2008, you will be 100% vested in your Profit Sharing Contributions.

If you were a participant in this plan at any time before December 30, 2002, you will be 100% vested in your accounts. In addition, if you are employed by Otter Tail Power Company and are a member of a collective bargaining unit, you will be 100% vested in your account.

Your vested account balance may not be reduced by any plan amendments.

**Rollovers:**

At the discretion of the Plan Administrator, you may be permitted to deposit into your plan, distributions that you may receive from other retirement plans. Such a deposit is called a “rollover” and may result in current tax savings to you. You should consult your professional tax advisor to determine if a rollover is in your best interest.

Generally, you may roll over assets from most other tax qualified retirement plans (specifically, those described in sections 401(a) and 403(a) of the Internal Revenue Code), from annuity contracts (specifically, those described in section 403(b) of the Internal Revenue Code), from certain governmental retirement plans (specifically, those described in section 457(b) of the Internal Revenue Code), and from individual retirement accounts (“IRAs” –

specifically, those described in sections 408(a) and 408(b) of the Internal Revenue Code). The employer may decline to accept rollovers from another retirement plan or an individual retirement account into the plan. In addition, you may roll over Roth contributions but you may not roll over other after-tax contributions from another retirement plan or individual retirement account into the plan. Additional information regarding rollovers is available from Principal.

**Forfeitures:**

Forfeitures are created when participants terminate employment before becoming fully vested in the contributions made by their Employer under the plan. Any portion of your Employer Matching Contributions, Enhanced Employer Contributions, or Profit Sharing Contributions (you will be fully vested in your Profit Sharing Contributions if you have an Hour of Service on or after January 1, 2008) that is not vested when you leave employment will be forfeited unless you are rehired before a certain time. Forfeited amounts will be used to help fund your Employer's contributions to the plan, or to pay the plan's administrative expenses.

If you are rehired, your rights to the nonvested portion of your Employer Matching Contributions and Enhanced Employer Contributions accumulated before you left the Employer will differ based on whether you have been gone for five consecutive years (specifically, whether you have five consecutive one year breaks in service).

- **Return Within Five Years.** If you return within five years, the nonvested portion of your Employer Matching Contributions and Enhanced Employer Contributions will be restored. You will then have the opportunity to become further vested. But if you received a payment from the plan after you left employment, you must pay back that payment before the nonvested portion of your Employer Matching Contributions and Enhanced Employer Contributions will be restored. If this nonvested portion is restored, you can become vested in it with your additional service.
- **Return After Five Years.** If you return after five years, the nonvested portion of your Employer Matching Contributions and Enhanced Employer Contributions is permanently forfeited.

Your service both before and after your rehire will be used to determine your vesting in your Employer Matching Contributions and Enhanced Employer Contributions (and investment earnings) you receive after you are rehired.

**Plan Contribution Limits:**

You should be aware that the law imposes certain limits on how much may be allocated to your account for any given year. These limits are extremely complex, but generally no more than the lesser of \$66,000 in 2023 (adjusted for cost of living) or 100% of your compensation may be allocated to you (excluding earnings and Rollovers) in any year. The Plan Administrator will inform you if these limits have affected you.

**Recognized Compensation:**

In general, recognized compensation means all wages, tips and other compensation the employer pays you and is reportable in the box designated "wages, tips and other compensation" on Form W-2 while you are in recognized employment. Recognized compensation also includes the amounts that would have been paid to you if you had not enrolled in the plan and generally any other employer retirement or "cafeteria" employee benefit plan. Recognized compensation does not include (1) pay received before you become a participant; (2) reimbursements or other expense allowances; (3) third-party sick pay (including short-term and long-term disability insurance benefits), income imputed from insurance coverage and premiums and employee discounts; (4) stock options and stock appreciation rights; (5) payments for vacation or sick leave accrued but not taken; (6) taxable and nontaxable fringe benefits, prizes and gifts (including any gross up); (7) severance; (8) gain share payments; (9) achievement awards; (10) deferred compensation; and (11) non-cash compensation. Bonuses are included in recognized compensation

unless specifically excluded under the plan. Pay in excess of the annual compensation limit set by federal law (\$330,000 in 2023, as adjusted for cost of living from time to time) is also excluded. See the plan for details.

#### **Participant Directed Investments:**

The assets in your account will be directed by your investment elections. You may change your investment elections at any time. You may access your account by using the **Participant Contact Center**, an automated telephone system (1-800-547-7754), or via the Internet using ([www.principal.com](http://www.principal.com)). The Retirement Service Center is available Monday – Friday 6:00 AM – 10:00 PM and the Internet location is available 24 hours a day, 7 days a week. Both of these options will enable you to change your investment elections or transfer funds amongst the investment choices offered to you. The information available through the **Participant Contact Center or the internet** will also provide you with the current value of your account and the current value of shares in the investment funds available to you.

If you do not make an investment election, your account will be invested automatically in a target date fund. A target date fund is a fund designed to provide varying degrees of long-term appreciation and capital preservation through a mix of equity and fixed income exposures based on your age, target retirement date or life expectancy. Such funds change their asset allocations and associated risk levels over time with the objective of becoming more conservative (i.e., decreasing risk of losses). The target date funds are “qualified default investment alternatives” (QDIA). QDIA is an investment fund with characteristics approved by the U.S. Department of Labor as default investments when plan participants do not make investment elections.

Because the plan allows you to direct the investment of the contributions made to your overall account, it constitutes a plan described in section 404(c) of ERISA and Title 29 of the Code of Federal Regulations section 2550.404c-1. This means that you (and not any plan fiduciary) will be responsible for any investment losses that result from your investment selections.

Each participant will have a separate account for bookkeeping purposes. For investment purposes, however, all accounts will be combined in a single trust fund. The trustee will invest the trust fund in investment funds as directed by the participants. The value of your overall account at any time will depend both on the amount of contributions and on the investment performance of the investments you select. Additionally, administrative and investment expenses may be paid out of the trust fund.

You should review your account on a regular basis. Doing so allows you to monitor changes in the investments and to verify that your overall account is properly invested. In particular, you should review your overall account after making a change to your investment elections. Remember, you are responsible for selecting your investments and monitoring them to achieve your retirement goals.

The Plan Administrator may impose investment and trading restrictions that it deems appropriate to achieve the goals of the plan. Moreover, a fee may be imposed on certain trading, such as moving quickly into and out of an investment fund.

You should review the prospectus for each investment fund to determine if the investment fund imposes any trading restrictions on your ability to move into or out of the investment fund or imposes any fees on certain trades.

### **BENEFITS UNDER YOUR PLAN**

#### **Normal Retirement:**

If you perform at least one Hour of Service on or after September 1, 2015, your Normal Retirement Date is the date you attain age 62 (Normal Retirement Age). (If you do not perform any service on or after September 1, 2015, your Normal Retirement Date is the date you attain age 65.)

If you are employed on your Normal Retirement Date and you are not fully vested, you will automatically become 100% vested in your account balance.

**Disability Retirement:**

Under your plan, you will be considered to have a disability if either (i) you provide an official Social Security determination of disability to the Plan Administrator within twelve (12) months after your last day of active work with your Employer, or (ii) you provide an official determination of disability under your Employer's long-term disability plan (if any), which states that you are disabled and qualified for benefits under the long-term disability plan, to the Plan Administrator within twelve (12) months after your last day of active work with your Employer.

If you become disabled while a participant, you will be entitled to 100% of your account balance.

**Death Benefits:**

If you die, your vested accounts will be paid to your designated beneficiary or beneficiaries. If you fail to designate a beneficiary, or if your beneficiary designation is not effective, the plan provides for classes of automatic beneficiaries who will receive the payment (generally, specified family members or your estate).

**Married Participants:**

If you are married at the time of your death, your spouse will have the right to receive your entire death benefit unless your spouse consents to you designating another beneficiary. The consent of your spouse must be in writing and witnessed by a notary public and must acknowledge the effect of your designation of another beneficiary. Your spouse's consent must be given before your benefit may be paid to another beneficiary. Your spouse's consent, however, is not required before your death.

**Beneficiary Forms:**

We recommend that you file a beneficiary designation form and keep it up to date. To be valid, the Plan Administrator must receive your form during your lifetime. Contact the Plan Administrator for a form to change beneficiary designations. *Note:* A beneficiary entitled to a payment may disclaim all or any portion of his or her interest, subject to the rules of the plan, within nine (9) months of the date of your death. Contact the Plan Administrator for details.

Payment will be made as soon as administratively practicable in a lump sum payment after your beneficiary completes a distribution form.

**Automatic Payment:**

If you die before your required beginning date (generally age 72) and you have not withdrawn the entire amount in your account, and your beneficiary does not request a payment, the plan will pay your account to your beneficiary no later than the December 31 of the year in which occurs the fifth anniversary of your death. If you die after your required beginning date and you have not withdrawn the entire amount in your account, and your beneficiary does not request a payment, the plan will pay your remaining account to your beneficiary no later than the December 31 of the year in which occurs the first anniversary of your death.

**Distribution of Benefits Upon Termination of Employment:**

If your employment terminates for reasons other than death, disability or retirement after you reach Normal Retirement Age, you will be entitled to receive only your "vested percentage" of your account balance and the remainder of your account will be forfeited. Only contributions made by your Employer are subject to forfeiture.

(See the section entitled “Vesting in Your Plan”). Under the plan’s administrative procedures, if the value of your vested account is zero, any non-vested account balance will be forfeited immediately.

## **BENEFIT PAYMENT OPTIONS**

To receive a payment from your accounts, you must make a request for payment. Payment will be made in a single lump sum.

Requests for payment will be processed as soon as practicable. The request for payment will be reviewed for completeness, compliance with any plan requirements, and your eligibility for payment. If the request is approved, the investments in the applicable subfunds will be sold and the sale proceeds will be used to pay you, typically within several days after the sale.

Despite the general rule requiring a request for payment, if the balance of your overall account, including your rollover account, is \$1,000 or less, a lump sum payment will be made to you after your employment ends, even if you do not make a request for payment. If you make a request for payment, you may receive this amount as a lump sum or rollover the amount to an IRA or another tax-qualified retirement plan. If you die before receiving payment of your entire overall account and your remaining balance, excluding your rollover account, is \$5,000 or less, a lump sum payment will be made to your beneficiary as soon as administratively practicable after the date the Plan Administrator receives proof of your death.

Generally, if you have not applied for payment of your overall account before your “required beginning date,” you will automatically be paid all of your accounts in a single lump sum payment no later than the April 1 after the year in which you reach age 72. If, however, you are actively employed by the employer at age 72 and you are not a 5% owner of the employer, you may delay being paid until the April 1 following the year in which your employment ends.

### **Pre-Retirement Distribution of Benefits:**

Your plan allows you to receive distributions while you are actively employed. However, any distributions will reduce the benefits you will receive at retirement. See the section entitled “Benefit Payment Options” for a further explanation of how benefits are paid from the plan. Specifically, you may elect to withdraw a portion of your vested account, including your Elective Deferral Contributions (pre-tax or Roth), Employer Matching Contributions, Employer Profit Sharing Contributions, Enhanced Employer Contributions, QNEC Contributions, Transfer Account Contributions, and earnings thereon if you have reached the age of 59-1/2. You may also elect to withdraw a portion of your Rollover contributions (pre-tax or Roth), Voluntary Account and earnings thereon at any time.

You may only receive one pre-retirement distribution in a calendar quarter. The minimum amount you may receive is \$500.

### **Hardship Withdrawals:**

Your plan allows hardship withdrawals in the event of your immediate and heavy financial need. A hardship withdrawal is not in addition to your other benefits and will therefore reduce the value of the benefits you will receive at retirement.

Withdrawal will be authorized only if the distribution is to be used for one of the following purposes:

- (a) The payment of medical expenses previously incurred by you or your dependent or necessary for you or your dependent to obtain medical care;

- (b) The costs directly related to the purchase of your principal residence (excluding mortgage payments);
- (c) The payment of tuition and related educational fees for the next twelve (12) months of post-secondary education for yourself, your spouse, or dependent;
- (d) The payment necessary to prevent your eviction from your principal residence or foreclosure on the mortgage of your principal residence;
- (e) The payment of burial or funeral expenses of your deceased parents, spouse, children or dependents;
- (f) The payment of expenses for the repair of damage to your principal residence that qualifies for the casualty deduction under the Internal Revenue Code (and determined without regard to whether the damage was due to a federally declared disaster); and
- (g) The payment for expenses and losses (including loss of income) incurred as a result of a federally declared disaster, provided that your principal resident or place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster.

The hardship payment cannot exceed the amount of the immediate and heavy financial need created by the hardship, but may include amounts necessary to pay any reasonably anticipated federal, state or local income taxes, or penalties as a result of the payment. Also, you must first obtain all other payments available under the employer's plans before you can receive a hardship payment. A hardship withdrawal cannot be rolled over to either an IRA or another qualified plan. To receive a hardship payment, you must request a payment and specify the dollar amount to be withdrawn. Payment will be made in a lump sum.

*Note:* For hardship payments made on or after January 1, 2019, your elective contributions, including catch-up elective contributions, and employee contributions under all other qualified plans maintained by the Employer and Affiliates shall not be canceled.

Hardship withdrawals will be processed only from the following contribution sources in the following order:

- Voluntary Account
- Transfer Account
- Rollover Account
- Roth 401(k) Rollover Account
- Retirement Savings Account
- Roth 401(k) Account
- QNEC Account

#### **How to Request a Distribution:**

If you are eligible for a distribution or withdrawal from the plan, you may request a form to complete by calling the **Principal Participant Contact Center** at **1-800-547-7754**. The customer service representative will provide you with direction on how to submit your request.

#### **Coronavirus-Related Distribution Made in 2020.**

If you, your spouse, or your dependents were diagnosed with COVID-19 in 2020, or if you experienced certain adverse financial consequences due to COVID-19 in 2020, you may have received a coronavirus-related distribution

from the Plan on or before December 31, 2020. If you received a coronavirus-related distribution from the Plan in 2020, you may repay your distribution amount in one or more payments to an eligible retirement plan, including this Plan (provided you are employed in Recognized Employment at the time of repayment) or an IRA, within three years of the distribution. Any repayments will be credited to your rollover account. You may find more information regarding repaying all or a portion of your coronavirus-related distribution by calling the **Principal Participant Contact Center** at 1-800-547-7754.

#### **Treatment of Distributions From Your Plan:**

In general, all payments from the plan are subject to federal income tax, except for qualified distributions of Roth contributions. (See the section entitled “Roth 401(k) Contributions” for qualified distribution rules.)

If you request payment, federal income tax will be withheld when payment is made unless you elect to directly roll over your payment to either an IRA or another qualified plan. You may also roll over eligible payments to a Roth IRA. Pre-tax amounts rolled over to a Roth IRA will be included in your income and taxed. If you receive a payment before attaining age 59-1/2, you may be subject to a 10% penalty tax. We recommend that you or your beneficiary consult with a qualified tax adviser before requesting payment.

If your beneficiary is your surviving spouse, and your surviving spouse requests payment in the form of a lump sum or installments, federal income tax will be withheld when payment is made unless your surviving spouse elects to directly roll the payment(s) to an IRA, Roth IRA or another eligible employer plan. If your beneficiary is not your surviving spouse, your beneficiary may elect to directly roll the payment to an “inherited” IRA or “inherited” Roth IRA, but not to another qualified plan. Pre-tax amounts rolled over to a Roth IRA will be included in the beneficiary’s income and taxed. Your beneficiary will receive more information about the distribution options and tax consequences if you die. Death benefits are not subject to the 10% early withdrawal penalty tax. We recommend that your beneficiary consult with a qualified tax adviser before requesting payment.

#### **Qualified Domestic Relations Orders:**

As a general rule, your vested interest may not be alienated, sold, used as collateral for a loan, given away, or otherwise transferred to another party. In addition, your creditors may not attach, garnish, or otherwise interfere with your account.

There is an exception, however, to this general rule. The Plan Administrator may be required by law to recognize obligations you incur as a result of court ordered child support or alimony payments. The Plan Administrator must honor a “qualified domestic relations order” (QDRO), defined as a decree or order issued by a court that allocates a portion of your assets in the plan to your spouse, former spouse, child or other dependent. If a QDRO is received by the Plan Administrator, all or a portion of your benefits may be used to satisfy the obligation. The Plan Administrator will determine the validity of any domestic relations order (DRO) received.

The plan has procedures which govern how the Plan Administrator determines that a QDRO is considered to be a QDRO. A copy of these procedures is available to you, upon request, free of charge. If you would like a copy of the plan’s QDRO procedures, please contact the Plan Administrator.

#### **Type of Plan:**

The plan is “tax-qualified” under the Internal Revenue Code as a defined contribution profit sharing plan that includes a section 401(k) qualified cash or deferred arrangement. As a result, payments from the plan may be entitled to special tax treatment. You are encouraged to seek tax advice from an expert.

No federal agency, such as the Pension Benefit Guaranty Corporation, or state agency insures the plan because defined contribution plans are not eligible for such insurance. Your benefits under the plan are not guaranteed.

**Uniformed Services Employment and Reemployment Rights Act of 1994 and Heroes Earnings Assistance and Relief Tax Act of 2008:**

If you leave your employment to serve in the uniformed services and the employer rehires you within a certain time, the Uniformed Services Employment and Reemployment Rights Act (USERRA) Heroes Earnings Assistance and Relief Tax (HEART) Act provide you certain rights under the plan. Contact the Plan Administrator for further information regarding these rights.

**“Top Heavy” Rules:**

A plan is a “top heavy plan” when more than 60% of the benefits have been allocated to key employees. Key employees are certain owners or officers of your Employer. Each year, the Plan Administrator is responsible for determining whether your plan is a “top heavy plan.”

If your plan is top heavy for any Plan Year, special rules may apply. Your Employer may be required to make a minimum contribution of up to 3% of compensation to the account of each non-key employee. If you are a participant in more than one plan, you may not be entitled to such minimum contribution under both plans.

**Fees and Expenses:**

Trustee fees, record keeping fees, and other expenses the plan incurs may be paid by the plan. The expenses of investment subfunds, including commissions, investment management fees, and other transactional costs, are paid out of the subfund and reduce the subfund’s rate of return.

The plan permits the employer to determine how to allocate expenses incurred by the plan. Those expenses may be charged:

- (a) in the same amount to the accounts of all participants, beneficiaries, and alternate payees (for example, record keeping fees);
- (b) in the same percentage over all or certain assets (for example, investment management fees); or
- (c) in the case of individualized expenses, allocated to an individual participant, beneficiary, or alternate payee (for example, loan and distributions fees, and fees for the review of a domestic relations or other court order).

The Plan Administrator may change its method of allocating expenses incurred by the plan. Contact the Plan Administrator if you have any questions regarding the plan’s payment or allocation of expenses incurred by the plan.

**SERVICE CREDITING RULES**

**Collective Bargaining Agreement:**

The plan is maintained pursuant to collective bargaining agreements. You may obtain copies of those agreements from the Plan Administrator upon written request and they may be examined in the offices of the Employer and the union.

**Hour of Service:**

An “Hour of Service” has a special meaning for plan purposes. You will be credited with an Hour of Service for:



- (a) each hour for which you are directly or indirectly compensated by your Employer for the performance of duties (including overtime hours) during the Plan Year;
- (b) each hour for which you are directly or indirectly compensated by your Employer for reasons other than performance of duties (such as vacation, holidays, sickness, disability, lay off, military duty, jury duty or leave of absence during the Plan Year); and
- (c) each hour for back pay awarded or agreed to by your Employer.

#### **One Year Break in Service:**

A One-Year Break in Service is a Plan Year period during which you have not completed more than 500 Hours of Service with your Employer.

A One-Year Break in Service does NOT occur, however, in the Plan Year in which you enter or leave the plan for reasons of an authorized leave of absence or certain maternity or paternity absences.

The Plan Administrator is required to credit you with Hours of Service for a maternity or paternity absence taken on account of pregnancy, birth, or adoption of your child. No more than 501 Hours of Service will be credited for this purpose and these Hours of Service will be credited solely to avoid your incurring a One-Year Break in Service. The Plan Administrator may require you to furnish proof that your absence qualifies as a maternity or paternity absence.

These break in service rules may be illustrated by the following examples:

Employee A works 300 hours in a Plan Year. At the end of the Plan Year, Employee A will have a One-Year Break in Service because she has worked less than 501 hours in a Plan Year. Employee B works 300 hours in a Plan Year and takes an authorized leave of absence for which he is credited with an additional 250 hours. Employee B will NOT have a One-Year Break in Service because he is credited with more than 500 hours in a Plan Year.

If you are reemployed after a One-Year Break in Service and were vested in any portion of your account derived from Employer contributions, you will receive credit for all Years of Service credited to you before your One-Year Break in Service.

If you do not have a “vested interest” in the Employer contributions allocated to your account when you terminate your employment, you will lose credit for your pre-break Years of Service when your consecutive One-Year Breaks in Service equal or exceed the greater of five (5) years, or your pre-break Years of Service. For example:

Employee B terminated employment on January 1, 2012 with two Years of Service. Employee B was not vested at the time of his termination of employment. Employee B returns to work on January 1, 2015. Employee B will be credited with his two pre-break Years of Service because his period of termination (three years) did not exceed five years.

## **LOANS**

You may request a loan by using **Participant Contact Center**, an automated telephone system (1-800-547-7754), or via the **Internet** using ([www.principal.com](http://www.principal.com)). The Participant Contact Center is available Monday – Friday 6:00 AM – 10:00 PM and the Internet location is available 24 hours a day, 7 days a week and will enable you to access your account, determine the amount available for a loan, and the terms of the loan. In addition to the rules outlined below, your Employer has established a written loan program which explains the plan’s loan requirements in more detail. You can request a copy of the loan program from the Plan Administrator.

*Important Note:* The following are general rules about loans. However, the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the “CARES Act”) provided special relief to qualified individuals who are affected by the coronavirus, including a suspension of loan repayments for up to one year.

### **Loan Requirements:**

You may obtain a loan from your accounts in the plan. The minimum loan amount is \$1,000. Loans greater than \$1,000 are made in increments of \$100. The total amount of your loan may not exceed 50% of the amount of your vested accounts or \$50,000, whichever is less. The maximum amount you can borrow may be smaller if you had an outstanding loan during the last 12 months. You may not take out a loan if you currently have or have had a loan in default during the last 12 months.

By accepting a loan, you automatically put a lien on your accounts for the amount of the loan plus unpaid interest. The loan must be repaid within a specified period of time not to exceed 5 years. If the loan is used to acquire your principal residence, then the maximum term of the loan is 15 years. Loans must be repaid in substantially level amounts, including principal and interest, over the term of the loan. Payments must be made through payroll deductions.

The interest rate will be equal to the prime rate of interest charged by large United States money center commercial banks plus 1%. The interest you pay is credited to your accounts. For the purpose of sharing in any gains or losses of the trust fund as described in this summary, the amount of your accounts will be deemed to have been reduced by the unpaid balance of any outstanding loans.

If you terminate employment, you must repay the entire outstanding balance of your loan within thirty (30) days after you terminate employment. Payment must be made in a form specified by the committee. If you do not do so, the unpaid amount will be considered a distribution from the plan and will be subject to all applicable taxes. You may have only two (2) plan loans outstanding at any given time. A one-time loan processing fee of \$40 will be charged for each new loan taken from the plan. The fee will be withheld from the loan proceeds you receive.

## **CLAIM PROCEDURES**

If you believe you are entitled to benefits, or you disagree with a decision regarding your benefits, you should file a claim with the Plan Administrator. If you do not file a claim or follow the claim procedures, you are giving up important legal rights.

### **A Claim For Benefits:**

A “claim” for benefits is a request for benefits under the plan filed in accordance with the plan’s claim procedures. To make a claim or request review of a denied claim, you must file a written statement with the Plan Administrator. An oral claim or request for review is not sufficient.

### **Steps in Filing a Claim:**

- (a) **Time for Filing a Claim.** The Plan Administrator must receive actual delivery of your written claim within 1 year after the date you knew or reasonably should have known of the facts behind your claim. If your claim is that your investment directions or contribution elections were not properly followed, this 1-year period is shortened to 30 days.
- (b) **Filing a Claim.** You must file your claim with the Plan Administrator. You should include the facts and arguments that you want considered during the claim procedures.

- (c) **Response from the Plan Administrator.** Within 90 days of the date the Plan Administrator receives your claim, you will receive either a written or electronic notice of the decision or a notice describing the need for additional time (up to 90 additional days) to reach a decision. If the Plan Administrator notifies you that it needs additional time, the notice will describe the special circumstances requiring the extension and the date by which it expects to reach a decision. If the Plan Administrator denies your claim, in whole or in part, you will receive a notice specifying the reasons, the plan provisions on which it is based, a description of additional material (if any) needed to perfect the claim, your right to file a civil action under section 502(a) of ERISA if your claim is denied upon review, and it will also explain your right to request a review.

**Steps in Filing Request for Review:**

- (a) **Time for Filing a Request for Review.** The Plan Administrator must receive actual delivery of your written request for review within 60 days after the date that you received notice that your claim was denied.
- (b) **Filing a Request for Review.** If the Plan Administrator denies your claim, you must file a written request to have the denial reviewed. Your request should include the facts and arguments that you want considered in the review. You may submit written comments, documents, records, and other information relating to your claim. Upon request you are entitled to receive free of charge reasonable access to and copies of the relevant documents, records, and information used in the claims process.
- (c) **Response from the Plan Administrator on Review.** Within 60 days after the date the Plan Administrator receives your request for review, you will receive either a written or electronic notice of the decision or a notice describing the need for additional time (up to 60 additional days) to reach a decision. If the Plan Administrator notifies you that it needs additional time, the notice will describe the special circumstances requiring the extension and the date by which it expects to reach a decision. If the Plan Administrator affirms the denial of your claim, in whole or in part, you will receive a notice specifying the reasons, the plan provisions on which it is based, notice that upon request you are entitled to receive free of charge reasonable access to and copies of the relevant documents, records, and information used in the claims process, and your right to file a civil action under section 502(a) of ERISA.
- (d) **Plan Administrator Request for Further Information Regarding Your Claim on Review.** If the Plan Administrator determines it needs further information to complete its review of your denied claim, you will receive either a written or electronic notice describing the additional information necessary to make the decision. You will then have 60 days from the date you receive the notice requesting additional information to provide the requested information to the Plan Administrator. The time between the date the Plan Administrator sends its request to you and the date the Plan Administrator receives the requested additional information from you does not count against the 60-day period in which the Plan Administrator has to decide your claim on review. If the Plan Administrator does not receive a response from you, then the period by which the Plan Administrator must reach its decision shall be extended by the 60-day period that was provided to you for you to submit the additional information. *Note:* If special circumstances exist, this period may be further extended.

**In General:**

The Plan Administrator will make all decisions on claims and review of denied claims. The Plan Administrator has the sole discretion, authority, and responsibility to decide all factual and legal questions under the plan. This includes interpreting and construing the plan and any ambiguous or unclear terms, and determining whether a

claimant is eligible for benefits and the amount of the benefits, if any, a claimant is entitled to receive. The Plan Administrator may hold hearings and reserves the right to delegate its authority to make decisions. The Plan Administrator may rely on any applicable statute of limitations as a basis to deny a claim. The Plan Administrator's decisions are conclusive and binding on all parties. You may, at your own expense, have an attorney or representative act on your behalf, but the Plan Administrator reserves the right to require a written authorization for a person to act on your behalf.

**Time Periods:**

The time period for the Plan Administrator to decide your claim begins to run on the date the Plan Administrator receives your written claim. Similarly, if you file a timely request for review of a denied claim, the time period for the Plan Administrator to decide begins to run on the date the Plan Administrator receives your written request. In both cases, the time period begins to run regardless of whether you submit comments or information that you would like considered on review.

**Limitations Period:**

If you file your claim within the required time, complete the entire claim procedures, and the Plan Administrator denies your claim after you request a review, you may sue over your claim (unless you have executed a release on your claim). You must, however, commence that suit within 30 months after you knew or reasonably should have known of the facts behind your claim or, *if earlier*, within 6 months after the claim procedures are completed. The 30-month period is shortened to 19 months to the extent your claim is that your investment directions or your contribution elections were not properly followed.

**Exhaustion of Administrative Remedies:**

Before commencing legal action to recover benefits, or to enforce or clarify rights, you must completely exhaust the plan's claim procedures.

**Administrative Safeguards:**

The plan uses the claim procedures outlined herein and the review by the Plan Administrator as administrative processes and safeguards to ensure that the plan's provisions are correctly and consistently applied.

**Definition of Relevant:**

A document, record, or other information is "relevant" to a claim for benefits if it was relied upon in making the claim determination or was submitted, considered or generated in the course of the claim determination process, even if it was not relied upon in making the claim determination. A document, record, or other information is also "relevant" if it demonstrates compliance with the plan's administrative processes and safeguards relating to consistent application of the plan's terms.

## **STATEMENT OF ERISA RIGHTS**

As a participant in this plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, also called ERISA. ERISA provides that all plan participants are entitled to:

- (a) Examine, without charge, all documents governing the plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration. This examination may take place at the Plan

Administrator's office and at other specified employment locations, such as worksites and union halls.

- (b) Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.
- (c) Receive a summary of the plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.
- (d) Obtain a statement telling you whether you have a right to receive a retirement benefit at Normal Retirement Age and, if so, what your benefits would be at Normal Retirement Age if you stop working under the plan now. If you do not have a right to a retirement benefit, the statement will tell you how many more years you have to work to get a right to a retirement benefit. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The plan must provide the statement free of charge.

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may terminate your employment or otherwise discriminate against you in any way to prevent you from obtaining a retirement benefit or exercising your rights under ERISA.

If your claim for a retirement benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court after you exhaust the Plan's claim procedures. In addition, after you exhaust the Plan's claim procedures, if you disagree with the plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in Federal court.

If the plan's fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If you have any questions about your plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

## **AMENDMENT AND TERMINATION OF THE PLAN**

The Plan Administrator intends to continue the plan indefinitely, but it has the right to amend and to terminate the plan at any time and for any reason. The Plan Administrator's right to amend or terminate the plan includes, but is not limited to, changes in the eligibility requirements, the vesting requirements, the employee and employer contributions, the investments offered under the plan, the payment options, the ability to make in-service withdrawals and loans, and the rules governing the administration of the plan. If the plan is amended, you will be subject to all of the changes effective as a result of such amendment, and your rights will be reduced, terminated, altered, or increased in accordance with the amendment as of the effective date of the amendment. If the plan is terminated, your benefits and rights will be terminated as of the effective date of the termination.

No amendment or termination will reduce your vested overall account balance as of the date of the amendment or termination. In fact, if the plan is terminated or partially terminated (affecting you) while you are employed, or if employer contributions are permanently discontinued, you will be fully vested. In such an event, the employer may decide to pay your vested overall account to you on any date after the termination or to follow the payment rules described in this summary.