

**SWARTLEY BROS. ENGINEERS, INC.**  
**EMPLOYEE PROFIT SHARING PLAN HIGHLIGHTS**

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✓ **WHO CAN JOIN**

**401(k)**

All employees who have completed 1 month of service and have reached age 21, are eligible to participate in the plan.

**Profit Sharing**

All employees who have completed 12 months of service, completed 1000 hours and have reached age 21, are eligible to participate in the plan.

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✓ **WHEN YOU CAN JOIN**

After meeting the above eligibility requirements, you can join on the 1st of the month.

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✓ **HOW THE PLAN WORKS**

The basic operation of the plan is simple:

- You contribute a percentage of your pay to the plan through regular payroll deductions
- You select from the plan investments offered
- No federal taxes are paid on any contributions or earnings in your account until they are withdrawn
- You will receive a personal statement following each calendar quarter

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✓ **HOW TO ENROLL**

To enroll, you simply complete and return and Enrollment Form indicating . . .

- The amount you want to contribute
- How you want your money invested
- The beneficiary who will receive your account in the event of your death

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✓ **YOU CAN CHANGE YOUR MIND**

You can, on any business day, by phoning John Hancock at 800.395.1113 or by accessing their Website at:

<https://www.jhancockpensions.com>.

- Change how your current contributions are applied among the investment accounts
- Transfer your account balance among the investment accounts offered

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✓ **CONTRIBUTIONS**

Your account grows quickly in several ways:

**1. Your 401(k) Contributions**

Each calendar year you can contribute up to 100% of your eligible pay, not to exceed the maximum amounts

as listed below. If you are age 50 or older your may contribute an additional amount as listed below.

<u>Year</u>	<u>Max Contrib.</u>	<u>Add'l contrib. Age 50+</u>
2008	\$15,500	\$5,000

You can change this amount (%) each quarter and can suspend your contributions at any time. Your contributions are always 100% vested.

**2. Tax Savings**

Each contribution saves you federal income taxes, and possibly state and local taxes, depending on where you live or work. Additionally, no taxes are paid on any earnings in the plan until withdrawn.

**3. Company Profit Sharing Contribution**

The company will contribute to the Plan a discretionary profit sharing contribution.

The profit sharing contributions will become 100% vested immediately upon your entry date.

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## ▼ PLAN DISTRIBUTIONS

Distributions are allowed in the event of:

- termination of employment
- permanent disability
- death
- retirement
- attainment of age 59½
- financial hardship

Financial hardship withdrawals are allowed for certain authorized purposes such as purchasing or preventing foreclosure on your primary home, paying for college education, paying extraordinary medical expenses, funeral expenses or catastrophic losses. Hardship withdrawals must comply with regulations and interpretations established by the IRS and Congress. Hardship withdrawals prior to age 59½ may be subject to 10% tax penalty.

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## ▼ TAXES ON DISTRIBUTIONS

When you or your beneficiary receive a distribution from the plan, income taxes will have to be paid on money that was never taxed. If you choose to receive your account balance prior to age 59½, you generally must also pay a 10% penalty. However, there are ways you may reduce or defer your tax liability:

1. By law, the Trustee is required to withhold Federal Income Tax equaling 20% of your taxable distribution, unless you request a direct rollover (trust to trust transfer) of your account balance to an IRA or another qualified retirement plan.
2. If you stay in the plan until retirement, you may be in a lower tax bracket at the time you begin taking distributions.

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## ▼ LOANS ARE AVAILABLE

- You may borrow a portion of your account value without paying taxes or penalties. Loans must be repaid through payroll deductions with interest, over a period not to exceed 5 years (greater than 5 years for the purchase of your home). Generally, if the loan is not paid in full upon your termination or if it is not paid within the required time period, it will be applicable income and penalty taxes.
- You can borrow 50% of your vested account to a maximum loan amount of \$50,000 (Example: You must have a *vested* account balance of at least \$2,000 to borrow \$1,000)
- The loan set-up fee is \$75 plus \$2 per month maintenance fee deducted from your account
- You are allowed 1 loan at a time

For details contact your Plan Administrator.

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## ▼ CONTRIBUTION LIMITATION

The Internal Revenue Service requires that 401(k) savings plans which permit employees to obtain all these tax advantages meet rather complex tests. These tests assure a fair mix of contributions from participants at all earnings levels.

In order to maintain the proper balance, it may be necessary to limit the contributions made by the higher-paid company employees.

This is done by adjusting these contributions to a level that is considered appropriate by the IRS. The company will monitor these contributions periodically. If such an adjustment becomes necessary, those employees that are affected will be notified.

**The preceding information describes only the main highlights of the plan.  
In all cases, the Plan Document legally governs plan benefits and administration.**