



**6,243** *ESOP Companies  
Spread across the USA*

**10.6** *Million ESOP Owners  
More than the entire workforce of the  
U.S. auto industry*

**1.38** *Trillion in Value  
Held by ESOPs, an average of  
\$129,521 per employee*



### ***BMD's ESOP***

Founded in 1943 by Martel Wilson in Stockton, California, Building Material Distributors grew rapidly into a valuable resource for professional builders.

In 1991, BMD established an Employee Stock Ownership Plan (ESOP) and purchased 45% of the company from the founding Wilson family, shifting to an "Employee Ownership" model. BMD became 100% employee-owned through its ESOP in 2008, meaning Employee Owners share in the company's profitability through its Employee Stock Ownership Program (ESOP). BMD is an S-corporation, which provides a federal tax advantage to the Company. Annually, the board may choose to make a discretionary contribution to the ESOP based upon Company performance.

Our core values of Integrity, People, Accountability, Communication, Teamwork, Excellence, Continuous Improvement and most importantly, Employee Ownership have provided a positive and collaborative culture and work environment for our employee owners resulting in a great place to work and the opportunity to share in the Company's financial success they are helping to create.

# **BMD**

Building Material Distributors, Inc.  
An Employee Owned Company



***Studies show that  
employee owned companies  
have a higher level  
of communication,  
collaboration,  
and engagement.***

## ***BMD Employee Stock Ownership Plan***



***Building Material Distributors, Inc.***  
***225 Elm Ave., Galt, CA 95632***  
***800-356-3001***  
***www.bmdusa.com***

**BMD** Family of Companies  
**human resources**  
Building an employee ownership culture



# How our ESOP Works

## Eligibility & Entry

You are eligible to enter the Plan on January 1 or July 1 once you:

- Are employed at least 1 year
- Have at least 1,000 hours of service in a year
- Are age 21

## How to Enroll

You are automatically enrolled! No enrollment form is required

## Contributions

Employee Owners do not contribute to the plan.

All contributions to the ESOP are made by the Company.

Contributions are made on a pro-rata basis based on your eligible compensation as a percentage of all employees' compensation at the end of the plan year if you meet the entry requirements and are employed on the last day of the year.

## Vesting

Vesting is the percentage of your account that you own and cannot be forfeited.

- 1 year for each Plan Year you have 1,000 hours
- Vest 20% each Plan Year starting at 2 years. At 6 years you are 100% vested.

## Distributions

Distribution of your vested account balance commences the year after employment ends. If the vested account balance is less than \$25,000, the payment is made as a lump-sum payment. If the vested account balance is more than \$25,000, the payment is made over a five year period, although this time period may be extended for very large balances. You may elect to delay the distribution if the account balance is over \$5,000 until you reach age 65. Distribution checks are sent each year in October. Participants with 10 years of service and age 55 or older can elect a diversification distribution of a portion of the vested account balance.

## Forms of Distributions

You can elect to have the distribution paid to you or you can defer taxes and rollover your distribution to an IRA or another qualified plan.

## Valuation

The share value is determined annually through an appraisal process and approved by the Trustee.

## Statements

A printed statement is provided each year following the annual Shareholders' Meeting in April and is also available online.

## Forfeitures

If you leave before you are fully vested, your unvested account balance is forfeited back to the Employee Stock Ownership Trust.

## Other Information:

Rollovers are not accepted into the Plan and loans and hardship withdrawals are not available.

**ESOP Companies  
are 25% more likely to  
stay in business**



**For more information on the Employee Stock  
Ownership Plan Contact:  
[benefits@bmdusa.com](mailto:benefits@bmdusa.com)  
This brochure provides a summary of the Plan's highlights.  
In case of a discrepancy, the Plan document will prevail.**

**On average,  
ESOP companies have...**

## ✓ Faster Growth

**Companies with ESOPs grow 2.3% to 2.4% faster  
measured in sales, employment, and productivity growth**

## ✓ More Assets

**ESOP employees have 2.5 times more in their retirement  
accounts on average than employees at non-ESOP companies**

## Frequently Asked Questions

### What determines my annual ESOP contributions?

Employees receive a contribution in stock or cash based on the employee's earnings as a percentage of total eligible payroll.

### Why does the ESOP have a vesting schedule?

Vesting is a means whereby employees gain a non-forfeitable right to the stock in their account after a certain amount of time. It is a means to ensure that those employees with a long term commitment to the company will gain the most benefit from stock ownership.

### When will I receive my money?

Once you have met the vesting requirements, you may receive payment beginning the year after your employment ends.

### What happens to my account if I die?

Your account will be distributed to your designated beneficiary(s) under the same rules as if payment was made to you.

### How do I know the value of my ESOP account?

Each year you will receive a statement showing the amount of stock and cash in your ESOP account.

### Will I lose my benefits if the plan is terminated?

In the unlikely event that the ESOP is terminated, you will receive your entire vested benefits and vesting will be accelerated to 100%.

### Do I have any legal protection for my benefits?

Yes, ERISA provides extensive protection that is detailed in the Summary Plan Description. The ESOP must be operated at all times for the "exclusive benefit" of the participants and their beneficiaries.

### Does the ESOP guarantee my benefit?

No, an ESOP is an ownership plan, and all ownership carries the risk that the asset owned might decline in value. If you are age 55 with 10 years of service you have the ability to receive a partial distribution while employed to diversify this asset.

## Did you know...

- ✓ **The ESOP is fully funded by the company**
- ✓ **ESOP accounts grow on a tax-deferred basis**
- ✓ **ESOP ownership creates no liability for employees**
- ✓ **ESOP benefits are protected from creditors**

**ESOP Companies are 6.2 times less  
likely to lay off employees  
and 1.4 times more likely to offer  
training to employees**