

## 2016 Safe Harbor 401(k) Notice

### Champion Electric, Inc. Retirement Savings Plan

The Company has adopted a safe harbor non-elective contribution structure for this Plan. The safe harbor contribution structure will not affect the amount you are permitted to defer.

#### Safe Harbor Non-Elective Contribution

- The Company will make a **Non-Elective Contribution** on your behalf equal to 3% of your compensation. You will receive this special contribution regardless of whether you defer any of your compensation into the plan.

**Example:** Assume you earn \$40,000 in compensation during the plan year. You will receive a contribution equal to \$1,200.00 (\$40,000 x 3%).

#### Eligibility for this Safe Harbor Non-Elective Contribution

- If you are otherwise eligible for the plan, you will receive a safe harbor non-elective contribution.

#### Compensation

- The amount of your compensation that the plan considers for these special contributions is the same compensation the plan uses for other contribution purposes. Compensation under the Plan is limited to the applicable dollar limit in effect for the Plan Year.

#### Additional Employer Contributions

- This safe harbor non-elective contribution will be in addition to any other contributions made to the 401(k) plan. You may be eligible to receive both this safe harbor non-elective contribution and additional contributions, if any.
- See attached Plan Highlights to view how the allocation formulas work, and who is eligible to receive these contributions.

#### Vesting

- Any safe harbor non-elective contribution will always be 100% vested. The plan's existing vesting schedule(s) will continue to apply to all other employer contributions made to the plan. See attached Plan Highlights regarding the vesting schedule(s) that apply to all other employer contributions made to the plan.

#### Withdrawal Restrictions

- Safe Harbor Contributions may not be withdrawn until, termination of employment, attainment of age 59 ½, death, or plan termination if no successor plan is established.

#### Elective Deferrals

- The amount that you have elected to defer, from your W2 wages, on your 401(k) election form will be deducted from your pay. You may be able to modify your election during the Plan Year as indicated on the attached Plan Highlights which are part of this notice. Deferrals are withheld each pay day from your pay check and deposited directly to the plan trust. To make changes in your deferrals request, complete and return an enrollment form. Enrollment forms are available from the Plan Administrator.

#### Plan Administrator

Champion Electric, Inc.  
3950 Garner Rd., Riverside, CA 92501  
Telephone (951) 276-9619  
Fax (951) 276-1460

#### Employer's Right to Terminate Plan

- Pursuant to the terms of the Plan, your Employer has the right, at any time, to terminate the Plan. Termination of the Plan will result in the discontinuance of all contributions to the plan (including the safe harbor 401(k) contribution) with respect to any compensation you receive after the effective date of the termination. Termination of the Plan will not affect your right to receive any contributions you have accrued as of the effective date of the termination.

*The plan sponsor hereby reserves the right to rescind this safe-harbor election upon thirty (30) days prior notice. The matching contributions accrued through the date this notice is rescinded and will remain in your account and will continue to be 100% vested.*



# CHAMPION ELECTRIC, INC. RETIREMENT SAVINGS PLAN

## Plan Highlights as of January 1, 2016

Information below provides a general outline of some of the provisions in your Plan and is not designed to replace the Summary Plan Description (SPD). If you would like to request a copy of the SPD, please contact our Participant Resource Center.

### When am I eligible?

You are eligible to participate in the Plan on the first day of the Plan Year Quarter after 6 months of Service.

Employer Prevailing Wage: You are eligible to participate in the Plan immediately upon date of hire.

### What contributions can I make?

Employer PW Contributions: A contribution will be made for each eligible Participant while performing work covered by Prevailing Wage Laws.

Employee 401(k) Deferrals: You may defer 90% of your compensation up to \$18,000 for the 2016 Plan Year.

Catch-Up Contributions: If you are over 50 years of age, you may defer an additional amount up to \$6,000 for the 2016 Plan Year.

Employer Match: You may receive an employer discretionary Matching Contribution.

In order to be eligible for the Matching Contribution, you must be employed on December 31<sup>st</sup> of the year for which a contribution is made.

Safe-harbor: Please refer to the separate Safe-Harbor employee notice distributed by the employer for specifics of this contribution.

Employer Profit Sharing: You may receive an employer discretionary Profit Sharing Contribution. In order to be eligible for the Profit Sharing Contribution, you must be employed on December 31<sup>st</sup> of the year for which a contribution is made, and must have worked for at least 1,000 hours during such year.

contributions.

Source	< 1yr	1yr	2yrs	3yrs	4yrs	5yrs	6yrs
Matching Contributions	0%	0%	20%	40%	60%	80%	100%
Profit Sharing Contributions	0%	0%	20%	40%	60%	80%	100%
Safe-Harbor Non-Elective	100%	100%	--	--	--	--	--

Prevailing Wage, 401(k) Deferral, and Rollover contributions are always 100% vested.

### When can I take a distribution?

The Plan shall not provide for In-Service withdrawals.

### Does my plan allow for loans or hardship withdrawals?

The Plan does not permit Hardship withdrawals.

The Plan does permit loans. The maximum number of loans outstanding is 2.

You may borrow 50% of your vested account balance up to a maximum of \$50,000.

The minimum required to borrow is \$1,000.

Loans may be outstanding for up to five (5) years for general purpose and 15 years for principal residence.

### What distribution options do I have if I leave employment?

You are eligible to receive a distribution from your account after thirty days from your date of severance from employment.

You may receive a distribution from your account immediately following total and permanent disability or death.

You may receive your distribution in a partial or full lump sum, or in monthly installment payments.

You can also roll over your account to an IRA or to another employer-sponsored plan that accepts rollovers. For your convenience, Beneco offers both a Traditional IRA and Roth IRA.

### What fees are in my plan?

Loan - A fee of \$150 will be charged for processing loans

All Distributions - \$175

Rollover to Beneco IRA - \$20

### How can I access my account information?

You may access your account information online at

[www.beneco.com](http://www.beneco.com)

You may also call our Participant Resource Center at 1-888-608-2680. Hours are Monday through Friday from 7:00am to 5:00pm Mountain Standard Time. You will need to provide your Social Security Number (SSN).

### How can I change my deferral elections?

Deferral Elections: You may begin, increase, decrease, suspend or resume deferral elections on the first day of any payroll period.

### What investments are available in the plan?

The comprehensive list of investment options is available online at [www.beneco.com](http://www.beneco.com).

You may change the investment allocation percentages for both your future contributions and your accumulated savings online or by contacting our Participant Resource Center. Changes must be made in whole percentage increments, and must total 100% for future contribution changes.

ERISA 404(c): The plan is a 404(c) compliant plan.

### When am I vested?

Vesting means ownership and you become vested in employer contributions based on your years of service. You are always 100% vested for Prevailing Wage contributions, 401(k) deferrals, Roth 401(k) deferrals and Rollover