



The Lincoln Electric Employee Savings Plan – 401(k) Frequently Asked Questions

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What Is The Employee Savings Plan And How Does My Participation Benefit Me?

The Lincoln Electric Company Employee Savings Plan (ESP) is a 401(k) Plan which is a type of retirement savings account. 401(k) plans are “defined contribution plans” with annual contributions limited by the IRS.

Your contributions are made as a pre-tax contribution and are deducted from your pay before income taxes are taken out. This means that you can actually lower the amount of current income taxes you pay each period. It could mean more money in your take-home pay versus saving money in a taxable account. You pay no taxes on earnings until you withdraw them from your account, enabling you to keep more of your money working for you now.

The Plan also includes a Roth component, which allows you to make after-tax contributions. Associated earnings are tax free at retirement as long as the distribution is a qualified distribution.

When Can I Start Participating?

Full-time employees are eligible to participate first of the following month after hire. Part-time employees must have at least 1,000 hours of service within one year of hire (or thereafter within a calendar year) or at least 500 hours of service in two consecutive computation periods. Your contributions will become effective as soon as administratively possible after you reach eligibility and elect to start contributing.

How Do I Enroll?

As a new Participant, you will need to contact Fidelity directly or access their website to make an election to start contributions and select your investments, as well as to select your beneficiary.

You can contact **Fidelity Investments at 1-800-835-5095** or online at Fidelity NetBenefits, www.NetBenefits.com.

How Do I Elect A Beneficiary For My Account?

You can access your account at www.NetBenefits.com to elect your beneficiary.

How Much Can I Contribute?

You can contribute between 1% and 80% of your eligible pay on a pre-tax basis and/or after-tax basis (Roth), up to the annual IRS dollar limits.

Will Company Matching Contributions Be Provided?

The Company makes a matching contribution equal to 100% of what you contribute to the Plan up to 5% of your total cash compensation which includes base compensation and/or bonus/commission. For example, if your total pay is \$50,000 and you contribute 10% to the Plan (\$5,000), the Company will make a matching contribution of \$2,500 ($\$50,000 \times 100\% \times 5\%$).

Match applies to both pre-tax and Roth contributions.

You will become eligible to receive matching contributions on the first of the month following six months of full-time service.

If I Have Money in Another Retirement Plan, Can I Roll It Into My Account?

Yes, the Plan will accept money from other qualified retirement plans. Contact Fidelity Investments at 1-800-835-5095 for more information and to obtain a rollover form.

When Am I Vested In My Account?

You are immediately vested in all contributions.

How Is My Account Invested?

You determine how your money will be invested by choosing amongst various investment options. The options available are meant to provide you with a broad range of investment alternatives. The funds vary in their investment objective, with some offering lower risk (and, therefore, a lower potential return) and others offering a higher potential return (but with a corresponding greater risk of loss). When you first enroll, you will be asked to specify your investment elections. If you do not specify your investments elections, contributions will be placed in a default fund based on your age and estimated retirement date. You can change your investments at any time. Any changes in investments must be done by calling Fidelity Investments. Investment elections are made in 5% increments. You will receive written confirmation of the changes you make.

What Is BrokerageLink™

BrokerageLink™ provides you with the opportunity to expand your portfolio beyond the investment lineup offered through your workplace savings plan. It allows you to invest in a broad range of investment alternatives available through Fidelity brokerage services. Designed for hands-on investors, Fidelity BrokerageLink™ account is not for everyone. If you are a more experienced investor who feels comfortable managing risk and you are prepared to assume the responsibility of more closely monitoring this portion of your portfolio, it could be appropriate for you. However, if you do not feel comfortable actively managing a portfolio beyond those offered through your plan's standard investment options, then a self-directed brokerage account may not be appropriate for you. The guidelines for investing through BrokerageLink™ are outlined in the BrokerageLink™ acknowledgment kit application which can be ordered through Fidelity Investments.

Can I Get A Loan From The Plan?

You may take a loan from your account, but only up to 50% of your account balance. The minimum amount of a loan is \$1,000 and the maximum amount is \$50,000. Loan money is taken out of your own account. Therefore, your investments are sold to provide you with the loan proceeds and your loan repayments are reinvested according to your current investment elections. Loan repayments are made through payroll deduction with after-tax money. To obtain a loan, contact Fidelity Investments.

Can I Take A Distribution From The Plan While I Am Still Employed?

You may take a distribution at any time from the portion of your account consisting of rollover contributions from a prior employer's plan.

You may also take a distribution while you are still employed if you have reached age 59½ or if you become disabled.

If you are on active duty in the uniformed services for a period of more than 30 days, you may take a distribution of your deferrals. However, if you choose to take distributions under this provision, you will not be permitted to make deferrals to the Plan during the six-month period beginning on the date of the distribution.

If you have a financial hardship, you may take a distribution; however, only certain types of expenses qualify for a hardship distribution. If you are under age 59½, the amount you take out of the Plan as a hardship distribution will be subject to a 10% penalty tax.

If I Am Married, Does My Spouse Have To Approve My Distributions From the Plan?

Generally, you are not required to obtain consent from your spouse in order to take a distribution or loan from the Plan.

What Happens To My Account When I Leave the Company?

You have the option to leave your account in the Plan (if your account balance is over \$1,000), roll it over into another qualified account or take a distribution.

How Do I Request A Distribution Once I Leave the Company?

Contact Fidelity directly to request the appropriate distribution paperwork. You will have to decide whether to take the money directly (and pay taxes on it) or roll it over to an IRA or another 401(k) plan (and, therefore, defer taxes). If you take the money directly, there is mandatory 20% federal income tax withholding. If you are under age 59½, you will also have to pay a 10% penalty if you take your money directly.

If I leave the Company and subsequently get rehired, when do I become eligible to again participate in the Plan?

You can begin making contributions on the first of the month following your rehire date; contact **Fidelity Investments at 1-800-835-5095** or online at Fidelity NetBenefits, www.NetBenefits.com to make a deferral election.

If you had previously been eligible for Company matching contributions, you will again become eligible for those contributions immediately upon your reemployment; otherwise, you will become eligible on the first of the month following six months of service as a full-time employee.

**You can contact Fidelity Investments at
1-800-835-5095 or www.NetBenefits.com.**