

Proposed changes to the Visalia Convention and Visitors' Bureau Safe Harbor Plan

The Exec Committee met regarding the current Safe Harbor 401K Plan and propose the following changes:

- Suspend the current safe harbor plan
- Change Vesting schedule to 6 years
- 1000 hours
- Leave discretionary annual contribution no specified match.
- THE PROPOSED CHANGE: With the proposed changes below (effective 1/1/27) , we will take out the Safe Harbor Non-Elective Contribution. In addition, we will change the Discretionary Match AND the Non-Elective Contribution vesting to a 6-year graded vesting schedule. This will be for those who meet eligibility 1/1/27 and forward.

Below are responses from Janine Lowry, Plan Compliance Representative to the question posed to Single Point:

- The Safe Harbor Non-Elective can be taken out of the Plan, effective 1/1/2027. We advise that the amendment be signed no later than November 30, 2026, as have all participants notified in a timely manner.
- The Plan does allow for a discretionary Match. This would not need to be added to the Plan. Per the document, this source is 100% immediate vesting. This can be changed to a 6-year graded vesting schedule, but it would only be for those who become eligible for the Plan **after** the date of the amendment (1/1/2027). All others would grandfathered into the 100% vesting. Here is a description of the Match already in plan
- Changing the 401(k) to require vesting: The employer deferrals are always going to be 100% vested. There cannot be a vesting schedule on deferrals as they are employee contributions. Only discretionary employer contributions can have a vesting schedule in place.

Employer Matching Contributions:	The Employer may, in its sole discretion, make an Employer Matching Contribution on your behalf in an amount determined by the Employer. The total amount of Employer Matching Contributions made on your behalf will not exceed 4% of Compensation. You must complete at least 1,000 hours of service during the Applicable Period and be employed by the Employer on the last day of the Applicable Period in order to receive an Employer Matching Contribution. For purposes of this section, the Applicable Period for determining satisfaction of service requirements for an allocation of Employer Matching Contributions will be each Plan Year.
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Notes from Arly Rogers, Financial Advisor (9/1/2026)

- We can remove the Safe Harbor, Non-Elective contribution from the plan. I know this is of primary importance to the organization since this creates and/or adds to a financial hardship for VCVB.
- The plan does have a **DISCRETIONARY** matching contribution. Discretionary means that every year, you can decide whether you want to make a matching contribution or not, and you can

decide on the formula for each year. As an example, in 2027 you can decide to not have a matching contribution at all. For 2028 you could implement the \$.25 per dollar match. For 2029 you could do a \$.65 per dollar match. For 2030 you could decide to not do any match. And so on, year after year. Discretionary gives the board ultimate flexibility on when and how much to match, if any at all.

- The matching contribution can have a vesting schedule. It currently does not have a vesting schedule, meaning all funds from the organization's side are 100% vested, but for the matching monies in 2027 and beyond, those funds can have up to a 6-year vesting schedule.
 - Janine noticed that the plan document also has a DISCRETIONARY profit-sharing component which has a 5-year vesting schedule. She is suggesting that we amend that to 6-years as well, to mirror the matching contribution vesting.
 - We can protect Suzanne's years of service and long-term tenure with the organization. All current employees who are eligible for the plan will be fully vested. This means the other two active employees will also be vested, but we are bound to that per IRS/DOL stipulation. That does not create a financial burden on the organization because those employees are not deferring any of their own money into the plan.
 - One other point of clarification on the vesting. The schedule only applies to monies from the organization (i.e. Profit-Sharing and/or Matching Contributions). The money that the employee defers from their own paycheck may not have a vesting schedule since that is their contribution.