INTERNATIONAL EDUCATION CORPORATION

Employee-Owned

IEC Employee-Owner FAQs

Understanding Our ESOP

At International Education Corporation, our Employee Stock Ownership Plan (ESOP) empowers you to share in the company's success while building a secure financial future. Whether you're a new hire or a seasoned employee-owner, this list of frequently asked questions provides answers about how the ESOP works and why it's a powerful benefit.* Together, we shape IEC's legacy of success!

What is an ESOP?

The Employee Stock Ownership Plan is a retirement benefit that grants you an ownership interest in IEC. IEC allocates a percentage of its profits to purchase shares of the company for employees. Those shares are then allocated to you through the ESOP program and held in a trust account until you retire. When you retire, IEC buys those shares back from you. You do not contribute any money, and enrollment is automatic once you meet eligibility requirements: age 21 or older, after 12 months of consecutive employment and at least 1,000 hours worked in that period. See the Plan Description on Unify for all details.

Why is the ESOP valuable for employees?

The ESOP aligns your success with IEC's mission to empower students through education. Your daily contributions, such as supporting students, improving processes, or driving innovation, directly enhance IEC's value, which increases the worth of your ESOP account. This ownership fosters pride, collaboration, and long-term financial security.

What are the benefits of being an employee-owner at IEC?

The ESOP offers significant advantages:

Ownership Culture
As an owner, you're invested in IEC's success, contributing to a shared mission and a lasting legacy.

Team Impact
Your work, combined with colleagues' efforts, drives company performance, directly impacting share value.

Builds Supplemental Retirement Savings
You will accrue shares based on your position, tenure, salary, and federal laws governing ESOP programs.

**The ESOP program is managed by an independent third party (the Trust Administrator). Due to the complexity and frequency of changes in the federal laws that govern ESOP benefit distributions, the following is only a brief explanation of the law and IRS rules as of the date this document was prepared. You will receive additional information from the Trust Administrator at the time of any eligible benefit distribution. Contact Human Resources with any questions or see the full Plan Description on Unify.*

Do I really own part of IEC?

Yes! Through the ESOP, you own shares of IEC stock held in a trust on your behalf. Each year, IEC contributes additional shares to your account based on IEC's annual valuation. As IEC's value increases, so does the value of your shares.

How do employees become owners?

Eligible employees are automatically enrolled in the ESOP after meeting the requirements (age 21 or older and at least 1,000 hours worked in a 12-month period). No forms or actions are needed. IEC allocates shares to your account annually, and vesting progresses based on years of service. See the Plan Description on Unify for all details.

What do employees own through the ESOP?

You receive shares of IEC stock, representing a fractional ownership in the company. Your annual ESOP statement details your total shares, the current share price, your vested percentage, and your vested account balance. As IEC's value grows, your account's value increases. These shares are then purchased back from you when you retire. See the Plan Description on Unify for all details.

What affects the value of my shares?

The share price is set annually by an independent appraiser, based on IEC's financial performance, growth projections, market conditions, accreditation status, and management stability. Strong company performance, driven by your contributions to student success and operational efficiency, leads to higher share prices.

How do I know how much I've earned?

You receive an annual ESOP statement via Principal's website (principal.com) showing:

- **Total Shares**: The number of shares allocated to your account.
- **Share Price**: The value per share as of December 31 of the prior plan year ($973.94 for 2023).
- **Vested Percentage**: Qualified colleagues' ownership percentage is based on the vesting schedule (100% after 5 years).
- **Vested Account Balance**: The portion of your account you're entitled to, calculated as total shares × share price × vested percentage.

Is there a cost to participate in the ESOP?

No. IEC fully funds the ESOP, contributing shares to your account at no expense to you. It's a valuable addition to your retirement planning.

How is my ESOP account value calculated?

Your account value is determined by:

Number of Shares
Allocated based on your compensation and years of service.

Share Price
Set annually by a third-party valuation, reflecting IEC's performance.

Vested Percentage
Based on the vesting schedule (0% Year 1, 40% Year 2, 60% Year 3, 80% Year 4, 100% Year 5). You're 100% vested upon reaching normal retirement age — 65 with 5 years in the plan; early retirement is age 59 with 10 years in the plan.

How does the ESOP compare to a 401(k)?

Both are retirement plans, but they differ:

401(k)

You choose to contribute from your paycheck, and IEC may provide a matching contribution. You can access funds for hardships or loans (with restrictions).

ESOP

Fully funded by IEC, no employee contributions. Shares are allocated based on compensation and tenure. You cannot take loans or hardship withdrawals, and distributions typically occur after retirement or a waiting period post-termination. Together, they enhance your financial future.

When can I access my ESOP funds?

The ESOP is designed for long-term retirement:

Years of Vesting	1	2	3	4	5
Percent Vested	0	40%	60%	80%	100%

Retirement	You can retire at age 65 with 5 years in the plan (normal retirement) or age 59 with 10 years in the plan (early retirement). Distributions typically begin in the following plan year, paid in installments over 5 years. This may vary depending on your vesting percentage, value of your ESOP, and years of service.
Early Termination	If you leave before retirement age, you keep your vested portion, but distributions may start up to 6 years after departure, paid in installments over 5 years. See the Plan Description on Unify for all details.
Small Balances	If your vested balance is $1,000 or less, it may be paid as a lump sum in the plan year following the year of your termination.
Death/Disability	Distributions to beneficiaries or you (if disabled) begin the year after the event, often in installments. See the Plan Description on Unify for all details.

What if I leave IEC before retirement?

If you leave before retirement age:

- You retain only your vested account balance.
- Distributions typically begin 6 years after termination, paid in equal annual installments over 5 years, unless your is $1,000 or less (paid as a lump sum).
- You can roll over distributions to an IRA to avoid penalties but consult a tax advisor for guidance.
- See the Plan Description for all details.

How does my work impact the ESOP?

Your daily efforts — delivering quality student experiences, ensuring regulatory compliance, being a supportive team member, and managing resources efficiently — drive IEC's success. Strong performance increases the share price, boosting your ESOP account value. For example, graduating more students and minimizing dropouts enhances profitability, accreditation, and share value.

Why does it take time to see my ESOP statement?

The ESOP operates on a plan year (January 1–December 31). After the plan year closes, an independent appraiser evaluates IEC's performance, and statements are updated annually. This ensures accurate valuation, so your statement reflects the prior year's performance.

Where can I view my ESOP statement?

If you are eligible and have been enrolled in the ESOP, log in to principal.com, select the ESOP option, and click "View Statements" to access your statement. If you're a new hire, you may not see a statement until you enter the plan after meeting eligibility requirements.

Can I roll over funds from other retirement plans into the ESOP?

No, you cannot roll over funds from other plans, like a 401(k), into the ESOP. However, you can roll over funds into IEC's 401(k) plan. See the Plan Description on Unify for all details. Contact Human Resources for assistance.

Are there resources to learn more?

Yes! Visit the ESOP Hub on Unify (under Human Resources > Benefits > ESOP) for the Summary Plan Description, past presentations, and resources. Submit questions via the Helpdesk (Human Resources > Benefits > ESOP). IEC also hosts info sessions and celebrates Employee Ownership Day.