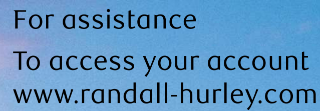
Kirby Nagelhout Construction Co. 401(k) Profit Sharing Plan

2023 Plan Highlights

Wealth Management



For assistance

To access your account
www.randall-hurley.com

Administrative questions

Randall & Hurley
(888) 682-4406
help@randall-hurley.com

To answer investment-related questions

Retirement Plan Advisors
(866) 416-9716
RetirementPlanAdvisors.Info@rbc.com

Our commitment

RBC Wealth Management's Retirement Plan Advisors is committed to empowering individuals to learn more about investments in order to make sound financial decisions.

We provide a welcoming environment to facilitate learning with investment resources on an ongoing basis.

RBC Wealth Management is committed to creating and cultivating an environment of inclusion.

Investment and insurance products offered through RBC Wealth Management are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.

Introduction to your plan

There are several benefits of your company's retirement plan that may set it ahead of other savings options.

- Significant tax advantages
- Automatic payroll deductions
- Variety of investment options
- Company contributions

Why save?

What does retirement mean to you? Take a moment to picture how you'd like to fill your days. Your ability to live the lifestyle you envision will depend largely on your ability to achieve financial independence during your retirement years. It will take money, perhaps more than you realize, to help make sure your retirement years are personally satisfying.

When saving for retirement, every dollar counts. The journey from work to retirement isn't made in one giant leap. It takes a lifetime of savings to steadily build your nest egg. By contributing to your company retirement plan, small contributions today can add up to a significant amount tomorrow.

How much will you need for retirement?

Calculating a retirement savings goal is key to pursuing and maintaining a confident financial outlook. The exercise of calculating a retirement savings goal not only provides you with a dollars and cents estimate of how much you'll need for the future, it also requires you to visualize the specific details of your retirement lifestyle and assess whether your current wealth management plans are realistic and up-to-date.

For generations, retirees relied heavily on Social Security and pensions to pay their bills in retirement. But today most retirees must count on their own personal investments for a greater share of their retirement expenses. In fact, according to a recent study conducted by the Social Security Administration, the number one source of retirement income for more than 60% of individuals 55 or older and earning $55,889 or more, is from their own savings and investment accounts. How much you will need varies for each person. In the early planning, professionals suggest targeting 70-90% of pre-retirement income. However, many retirees report that they spend as much in retirement as they did prior to retirement. As you get closer to retirement it's smart to do a detailed budget with your projected annual living expenses, identifying your essential expenses and discretionary income.

You have a powerful savings tool available in your company-sponsored retirement plan. This brochure helps you understand how the plan contributes to your overall retirement goals. You'll explore your plan options and learn about the many resources available to you. Use the information in this brochure to establish a savings program that helps lead you where you want to go.

Your 401(k) Plan at a Glance

When can I participate?	You are eligible to participate in the Plan and receive Safe Harbor Matching Contributions at the beginning of the calendar month after the completion of 6 months of service, provided you are not an Excluded Employee.
How much can I contribute?	You can contribute Pre-Tax and/or Roth up to 100% of your pay to your account (up to IRS limits for **2023 of $22,500**, if you are age 50 or older you can also make a **$7,500 "catch-up"** contribution).
How much does my employer contribute?	KNCC has elected to operate this Plan as a Safe Harbor Plan. Your Employer will match 100% on the first 3% you defer & match 50% from 3%-5% of compensation that you defer into the plan. The maximum match you can receive is equal to 4% of your compensation. The matching contributions will be made weekly to your account. Note: the Matching Contribution is NOT calculated on any prevailing wage 401(k) contributions.
When do I own or become "vested" in contributions?	Company contributions to your account are 100% vested immediately and will be calculated and deposited each payroll, beginning in January 2020.
How is my account invested?	You can invest your account balance by choosing from a variety of investment funds offered through the Plan. The Plan offers funds with varying levels of risk and return potential for all types of investors. There are also Asset Allocation Models and Target Date Funds available.
Can I take a loan?	Yes, you can borrow up to 50% of the vested value of your account up to $50,000 (see the Loan Policy in the SPD for details). You can model different loan scenarios on **www.randall-hurley.com**.
Can I access my money while I am still working?	You are able to take an in service distribution provided you are over 59½. In addition, you are able to take hardship distributions if you satisfy certain conditions.
What happens to my account when I leave the company?	When you leave the company, you can leave your money in the Plan if your account balance is over $5,000. You also have several options including: • Receiving your account as a single cash payment (Note: there will likely be penalties and taxes associated with this option) • Rolling your money into another qualified plan, including an IRA or a 401(k)/403(b) offered by your new employer
Can I roll my previous 401(k) or 403(b) account into this plan?	Yes, your Plan can accept rollovers from other qualified plans. Please see your benefits manager or contact Randall & Hurley at 888.682.4406 or visit **www.randall-hurley.com** for rollover forms.

Looking for more information?

To learn more about the provisions of your Plan, please see your Summary Plan Description (SPD). You can get a copy of your SPD by contacting your HR Department or by visiting www.randall-hurley.com.

Default Login Information:

UserID: Social Security Number

Password: Last 4 Digits of your Social Security Number

Please contact Randall & Hurley if you are experiencing trouble logging in at 888.682.4406.

Investment and insurance products offered through RBC Wealth Management are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.

© 2023 RBC Wealth Management, a division of RBC Capital Markets, LLC, registered investment adviser and Member NYSE/FINRA/SIPC.

Benefits of participation

Putting your money to work choosing your investments

Once you decide to participate in the plan, you'll want to choose how to invest your savings. See the section, Choosing your investments, for more information about the investment options available in your Plan.

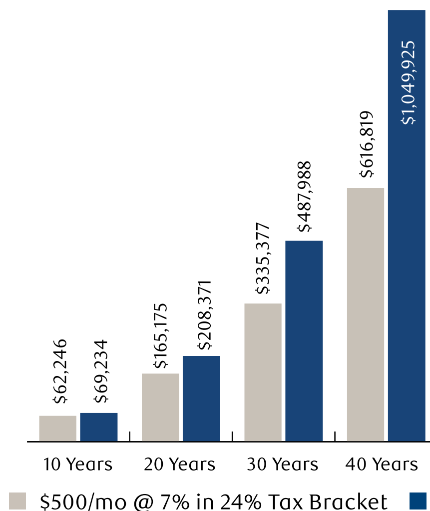
Before-tax contributions

Your company-sponsored retirement plan is provided to help you save for your future. When you contribute money to your account, you receive the benefit of tax-deferred contributions that can potentially increase the growth potential of your savings. First, the money you save in the plan is deducted each pay period before your income taxes are calculated. You don't pay any federal or state taxes on your contributions until you take your money out of the plan.

The advantage of tax-deferred growth

On the right is a hypothetical illustration comparing the growth of $500 a month invested in a taxable account and in a tax-deferred account and what those accounts would be worth at various points in time.

The advantage of tax-deferred growth



$500/mo @ 7% in 24% Tax Bracket ■ $500/mo @ 7% in Tax Deferred

This is a hypothetical illustration comparing the growth of $500/month invested in a taxable account and a tax deferred account and what those accounts would be worth at various points in time.

This is for illustrative purposes only and does not represent the performance of any particular investment vehicle. Your return will vary.

Employee contribution — Many employers will match your contributions up to a certain level (e.g., 50 cents on the dollar up to 6 percent of your salary) or make a contribution on your behalf. You typically become vested in your employer's contributions and related earnings through years of service (the details depend on the plan). Employer contributions are pre-tax and are basically free money (once you're vested), so you should try to take full advantage of them. If you fail to make contributions and receive no match, you are actually walking away from money your employer is offering to you.

Dollar cost averaging

One of the most important benefits of investing in your company-sponsored retirement plan is that you invest on a regular basis, every pay period. This is an important foundation for accumulating wealth, but also for helping to manage the ups and downs of the market.

This investment technique is referred to as dollar cost averaging. Dollar cost averaging is simply the practice of investing a specific amount of money at a regular interval. The amount you invest is constant, so you buy more shares when the price is low and fewer when the price is high. When you do this, the average cost of your shares is typically lower than the average market price per share during the period in which you are investing.

How dollar cost averaging works

Amount invested	Price per share	Number of shares purchased
$200	$10	20
$200	$8	25
$200	$9	22
$200	$10	20
$200	$12	17
$200	$9	22
Total amount invested		$1,200
Total shares purchased		126
Average cost per share		$9.52

Dollar cost averaging can be an effective way to make the market's volatility work for you. While it won't ensure a profit, nor protect against losses in declining markets, it generally lowers your average cost per share while reducing your chances of investing a large amount of money during a market peak. It is a smart, sensible way to help build your retirement portfolio.

No capital gains taxes

Once money is invested in your plan, your account grows tax-deferred until you withdraw it. What does tax-deferred mean? With most savings and investment vehicles, you pay taxes on any money your investments earn each year. With your plan, you do not. For example, if you sell an investment and make a $100 profit, you may pay $15 in capital gains taxes. Further, if you earn interest or dividends on your investment, those are subject to taxes as well. Those taxes can substantially decrease the amount of your future savings. When you save and invest in your plan, you do not have to pay capital gains tax and you only pay income tax on the amount you withdraw. The end result—more money for you!

Automatic payroll deductions make saving easier

Your company's retirement plan is a perfect example of the old savings adage "Pay yourself first!" Because your savings are deducted right out of your paycheck and deposited into your account for you, you avoid the temptation to spend the money each month. All you do is decide how much of your pay you want to contribute (up to the maximums allowed under the plan), and that amount will be automatically deducted.

Where do you find the money to invest in your plan?

Trimming even a few luxuries from our lives can mean the difference between a secure retirement and a fearful one.

Who would imagine that cutting out a few little things could potentially add up to $488,704 by the time you're ready to kick back, relax and enjoy days of no work and all play!

Remember—because of the tax advantages of the plan, even contributing a small amount to your account can really add up.

Item	Frequency	Cost	Annual savings potential	Potential difference at retirement
Movie/popcorn	Once/month	$50	$600	$111,661
Coffee/latte	Once per weekday	$3.50	$910	$169,353
Download apps	Once a month	$18	$216	$40,198
Dinner out for two	Once a month	$75	$900	$167,492
Totals		$147	$2,626	$488,704

Assumptions: Hypothetical rate of return is 8%. All savings invested at end of year in qualified account. Taxes due upon withdrawal. Hypothetical savings over a period of 31 years. This chart provided for illustrativepurposes only and not intended to be representative of any specific investment vehicle.

Roth 401(k) option

In addition to making pre-tax contributions to your company's retirement plan, you are also able to make post-tax Roth 401(k) contributions. Designated Roth 401(k) contributions are "after-tax," meaning the salary deferral is taxed as regular income before being deferred into the plan. Qualified distributions from your account are tax-free*. Though there are a number of differences between Traditional 401(k) and Roth 401(k) contributions, there are a number of similarities between the two options.

Contribution limits — The contribution limits on a Roth 401(k) are the same as the limits on a Traditional 401(k). If you decide to split your deferrals between the two options your total contributions cannot exceed that limit.

Investment options — You'll have the same investment options for your Roth 401(k) account as for your Traditional 401(k) account.

Employer contributions — When the employer makes a contribution, the contribution must go into a pre-tax account. The company match will be based on your total contribution if you decide to split your deferrals between Traditional 401(k) and Roth 401(k) contributions.

Please note, pre-tax and post-tax contributions will be listed as separate line items on your quarterly statement and on your account website.

In order for a distribution from a Roth 401(k) account to be treated as "tax-free" or "qualified," the distribution must be made at least five years after the first designated Roth contribution was made to the plan and the distribution must be made after the participant's attainment of age 59, death or disability.

The five year period of participation begins on the first day of the taxable year for which the employee first made the designated Roth contribution to the plan and ends at the completion of five consecutive taxable years. If a distribution is not a "qualified distribution" any earning would be taxable. However, your Roth 401(k) contributions are not taxable at distribution, since you have already paid taxes on those amounts.

The more you diversify, the less your 401(k) account is affected if one investment style doesn't perform well.

The three major asset classes react differently during changing economic times. For example, stocks might do well in a period when the economy is growing. Bonds may do well when inflation subsides, either due to a slowing economy or to other factors. Stable value investments rarely experience drastic changes in value, but generally offer lower rates of return.

	Traditional 401(k)	Roth 401(k)
Salary deferral contributions	Pre-tax	Post-tax
Earnings	Tax deferred	Tax free*
Qualified distributions	Taxable	Tax free*
Rollover ability	Employer Plan or IRA	Roth 401(k) or Roth IRA only
Vesting on salary deferrals	100% immediate	100% immediate

*Tax free as long as the withdrawal is made at least 5 years after the first designated Roth contribution was made to the Plan and the distribution must be made after the participant's attainment of age 59½, death or disability.

Choosing your investments

Even as a conservative investor, you'll need to consider inflation.

When deciding which investments are right for you, you first want to decide on your asset mix, or how much of each asset class you want included in your account. That decision is entirely yours and should be based on your personal circumstances, including the amount of time you have before you need your money, other investments or assets you may have and your tolerance for risk. As a reminder, the more time you have to invest, the greater the risks you may be able to take because your money has time to ride out the ups and downs of the markets.

Major asset classes

Keep in mind that when you put some portion of your company-sponsored retirement plan account into different asset classes, or diversify, you spread the investment risk and strive to balance the ups and downs each asset class experiences. The more you diversify, the less your company-sponsored retirement plan account may be affected if one investment doesn't perform well. Any RBC Wealth Management investment professional will tell you that asset allocation and diversification are two keys to successful investing.

Each asset class offers a different risk level versus the expected rate of return risk can be viewed as volatility, which means large swings in price from high to low or vice versa. In other words, the riskier the investment, the greater volatility the investment is likely to experience.

Type of investment	What it invests in	Objective	Risk level
Stocks (also called equities)	Shares of ownership in a company	To grow your money over the long term	Usually considered aggressive investments with high risk/high return potential since their value can rise and fall dramatically with changing economic and market conditions. Greatest potential for high returns
Bonds	Long-term debt obligations of corporations and the U.S. government	To provide a stream of current income	Usually considered moderate investments with moderate risk/moderate return potential. Long-term returns have been historically lower than long-term returns on stocks
Stable value investments	Short-term debt obligations of corporations and the U.S. government	To preserve the value of your money	Usually considered conservative investments with low risk/low return potential. Returns have been lower than stocks and bonds, but risk of loss is lower

Diversification does not assure a profit or protect against loss.

Know your risk tolerance limits

Why choose an asset allocation model?

- It's an easier and effective way to invest.
- It takes the guesswork out of deciding which investments to choose.
- You choose an asset allocation based on your investing style.
- Your investments are automatically rebalanced.

The following chart highlights key features of the different types of investors and the amount of risk each investor type can tolerate. There's no magic formula for determining your risk tolerance, but you can use the chart as a guideline to help you make the personal decision about the type of investor you are. You may find that you don't fit into any one category—in fact, very few people do.

Types of investors

Aggressive investor	Moderate investor	Conservative investor
I don't mind taking risks.	I don't mind taking some risk.	I don't like taking risks.
I won't need my money for 10 years or more.	I don't need my money for another 5 to 10 years.	I will need my money in less than five years.
My main goal is to see my investment grow over time.	My main goal is to achieve some growth while also protecting my investment.	My main goal is to protect my assets.
I would rather save less and have more by taking risks.	I don't mind saving a little more or having a little le1ss to avoid high risk.	I would rather save more for a longer amount of time than worry about my investments.

Keeping pace with inflation

Even as a conservative investor, you'll need to consider inflation. If the value of your account increases by 2% each year and inflation rises by more than 2%, you're actually losing money. No one can predict how much inflation will be each year. But you can make one assumption—it will have a large impact on your future buying power. So even if you prefer investments with minimal volatility, at the very least your goal should be to keep pace with inflation.

Asset allocation models

Consult a financial professional

Your employer has hired The Retirement Plan Advisors (RPA) of RBC Wealth Management to provide ongoing investment education to those individuals who participate, or are interested in participating, in the company's retirement plan.

You are welcomed to call RPA with questions about how the plan works, the investment options that are available or any general wealth management questions. You can reach The Retirement Plan Advisors by calling (866) 416-9716.

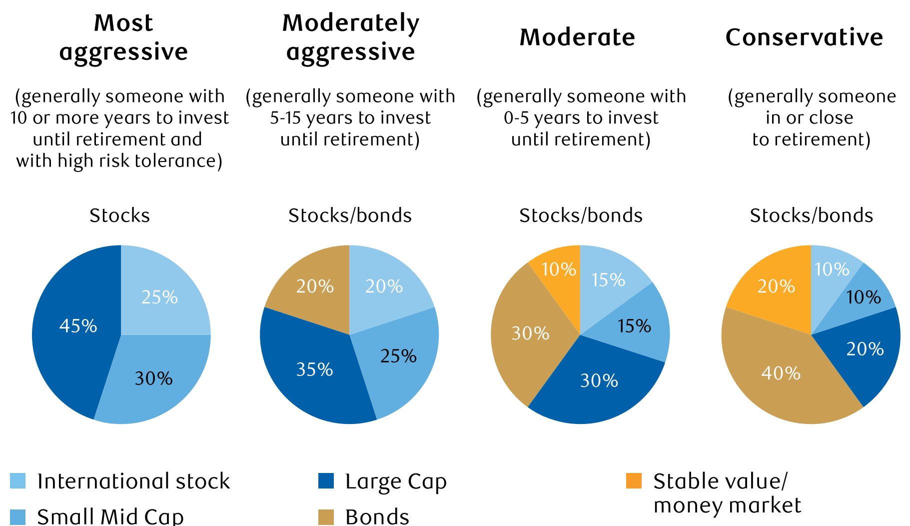
Risk-based models

Some people would rather not venture into investing alone. They prefer to let an investment professional make the investment choices and manage their portfolio. If this is your preference, consider investing in one of the asset allocation models offered by your plan.

Asset allocation models offer an easier and effective way to invest, based on your investment goals. They are designed to help you meet your financial objectives by taking the guesswork out of which investment funds to choose.

You choose your model based on what type of investor you are. Once you choose a model, your contributions are allocated among specific investment options. In addition, your fund allocations are actively monitored and automatically rebalanced.

Below are four sample asset allocation mixes to help you develop your own asset allocation. You can use these as the basis to create your own mix or for choosing the right asset allocation model for you.



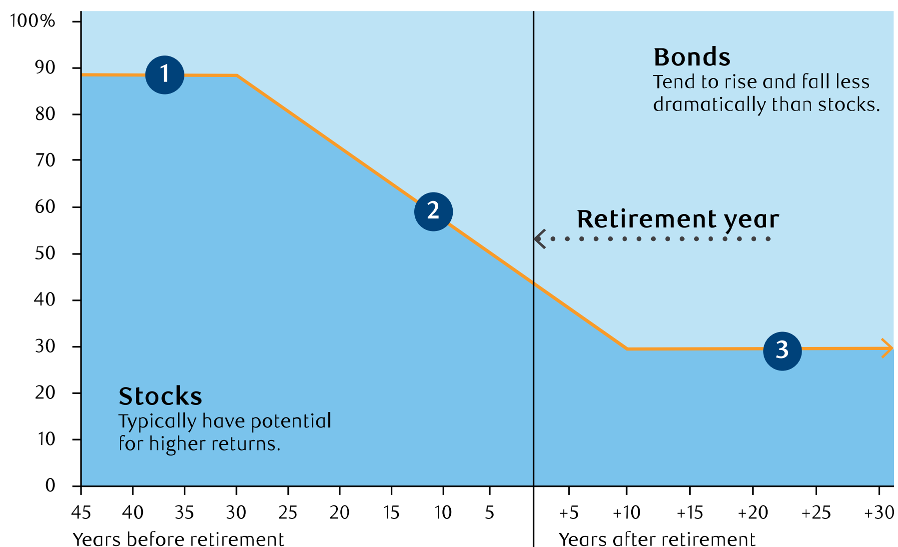
There are no additional fees or charges to invest in a model. All mutual funds have expenses as listed in their total expense ratio. Please refer to the fund prospectuses for these expenses.

Target date funds

Target date funds attempt to tailor their asset allocation to how soon you expect to use that money. The "target date" is the approximate date when you expect to begin withdrawing money from the fund. For example, someone investing for retirement in a fund with a target date of 2030 typically expects to retire in 2030 and begin tapping the fund for income.

Target date funds tend to set and adjust a given asset allocation based on a given date in the future, shifting the mix of investments gradually over time to increase the focus on capital preservation as the target date approaches. The pattern over time for changing the mix of asset classes is known as a portfolio's glide path; it generally involves reducing the portion devoted to equities.

The farther away the date is, the greater the risks the fund usually takes. As the target date approaches, the fund should change its balance of investments to emphasize conserving the value it has built up and to shift toward more conservative income-producing investments. The principal value is not guaranteed at any time, including at the target date.



1. Significant stock investments throughout the lifetime of your fund can help manage the risk of outliving your savings in retirement.
2. An increased emphasis on bonds as you near your retirement date can help manage the risk of market declines.
3. Each fund is managed beyond retirement, so you could feasibly use a single fund for decades.

It's true: time really is money

Three different investors — three different outcomes[1]

	Amount invested per year[2]	Starting age	Ending age	Years contributing	Total contributions	Value at age 65[3]
Bill	$5,500	30	64	35	$207,000	$899,241
Jeff	$5,500	40	64	25	$152,500	$427,046
Sue	$5,500	30	39	10	$55,000	$472,195

1. This chart is for illustrative purposes and not intended to be representative of any specific investment vehicle. Past performance is not indicative of future results.
2. Examples shown using 2015/2016 contribution limits for illustration purposes and may not represent future contribution limits. At age 50, the amount Bill and Jeff save in this example increases to $6,500 per year because of eligibility for additional catch-up contribution of $1,000 annually.
3. Assumes 7% return, compounded annually.

Increase your contribution

Once you have a contribution plan in place, consider increasing the investment amount when you get a raise or receive a bonus.

Time can be a powerful ally. The more time your savings have to grow, the more you'll be able to take advantage of the effect of compounding. Compounding occurs when the earnings on your investments generate their own earnings. It's interest on interest, and that means your account grows faster. You may not notice it in the beginning but over the years it can have big impact on the growth of your money. That is why those who start saving sooner rather than waiting tend to have a greater advantage.

Investing your savings

You will use your company-sponsored retirement plan to save and invest for your future income needs. For planning purposes, it is good to consider that even after you reach your retirement date, you can expect that you will be retired for at least 20 or possibly 30 or more years. That means investing for the long term.

We have seen our share of uncertainty over the past couple of years. And, no one knows for sure what will happen tomorrow. However, we do know that periodic market volatility is to be expected. The key to maintaining the course for your retirement savings plan is to remember that your savings are a long-term investment.

Strategic asset allocation

Deciding how to invest your retirement savings is a big decision. Creating an asset allocation strategy can help you focus your efforts more easily. Asset allocation is an approach in which you invest in different asset categories—mainly cash, fixed income, and equities. By diversifying your money across and within these asset classes, you can help minimize risk and potentially improve your overall returns.

How you allocate your assets hinges on several factors, including:

- Your financial objectives
- Time horizon
- Attitude toward risk and investing
- Belief in what the market will do in the near and long term.

The Retirement Plan Advisors

RBC Wealth Management
401 Union Street, Suite 3600
Seattle, WA 98101

Toll free: (866) 416-9716
retirementplanadvisors.info@rbc.com

us.rbcwealthmanagement.com/retirementplanadvisors

Wealth Management

RBC Wealth Management Retirement Plan Advisors may periodically provide information to help you manage your company-sponsored retirement plan. However, Retirement Plan Advisors is not in any way responsible for the ultimate adequacy of your retirement income. It is your responsibility to determine how much you should contribute and how to invest the money in your Plan account to ensure that you will still have enough money to meet your retirement needs. Since you will incur any gains or losses that your investment choices yield, make sure to consider your total financial picture, including any real estate investments, IRAs, pension plans, savings accounts, etc., as well as your risk tolerance, retirement time horizon and monetary needs in retirement before making any investment selections.

The information contained in this brochure has been derived from sources believed to be reliable, but is not guaranteed as to accuracy and completeness and does not purport to be a complete analysis of the material discussed. This brochure is not intended to be used as the primary bases of investment decisions. Because of the individual client requirements, it should not be construed as advice designed to meet the particular investment needs of any investor. RBC Wealth Management does not provide tax or legal advice. All decisions regarding the tax or legal implications of your investments should be made in connection with your independent tax or legal advisor.

© 2022 RBC Wealth Management, a division of RBC Capital Markets, LLC, registered investment adviser and Member NYSE/FINRA/SIPC.
All rights reserved.

22-SE-02783 (11/22)