



Extended Uniformed Services Leave

The IMA Financial Group, Inc. & Its Affiliates and Subsidiaries

Purpose

The following procedure and benefits eligibility have been established to comply with the Uniformed Services Employment and Reemployments Rights Act (USERRA), which entitles employees to certain employment and benefit rights. This policy applies to all employees who leave their jobs for extended periods of time (16 days or more) to enter “service in the uniformed services”. Service in the uniformed services includes active duty in the Army, Navy, Marine Corps, Air Force, Coast Guard, Coast Guard Reserves, Army or Air Force National Guard and Commissioned Corps of the Public Health Service. USERRA rights also apply to any other category of persons designated by the President during a time of war or national emergency.

USERRA applies to those service members who volunteer for active duty, as well as those who are called up to serve. For associates who are called up by their state for National Guard duty for relief during disasters, riots, or other emergencies, please refer to each state’s reemployment rights law.

Finally, USERRA provides that service includes active duty, active and inactive duty for training, Federal National Guard duty, examinations to determine the fitness for duty, to perform funeral honors and service under the Public Health Security and Bioterrorism Preparedness and Response Act of 2002.

Procedure

Eligibility

USERRA applies to all full-time and part-time employees regardless of their length of service.

Request for Leave

Employees who are called up for Active Duty should give as much as possible. The request for official leave of absence should be given in writing on a form provided by the Corporate Human Resources Department.

Duration of Leave

Reemployment rights apply only to employees whose cumulative period of uniformed service (i.e., the current period of service and any prior periods) does not exceed five years while employed by IMA. However, in computing the cumulative five-year period, IMA will not count time spent in the National Guard and reservist training. Further, IMA will not count involuntary extensions of service that result from the following:

- + an order to remain on active duty because of a war or national emergency (unless the extension is for training);
- + the veteran’s inability to obtain release orders before expiration of the five year period through no fault of his own;
- + an obligation to complete an initial period of service that is beyond five years; an order to fulfill additional training requirements certified in writing by the Secretary of Defense;
- + as determined by the Secretary of Defense, in support of certain operational or critical missions.



Returning from Leave

On completion of the period of military service, the returning veteran must notify IMA that he intends to return to employment. The length of time that the veteran has to contact IMA depends on the amount of time spent in service, as follows:

- + **Service of 30 days or less.** The returning veteran must report to IMA on the first full regularly scheduled work period on the first full calendar day following completion of the service, plus eight hours. If it is impossible or unreasonable for the veteran to report within that period through no fault of his own, he must report as soon as possible. This reporting period also applies to an employee who is absent from work for an examination to determine his fitness for military service.
- + **Service of 31 to 180 days.** The veteran must apply for reemployment no later than 14 days after military service ends, or, if it is impossible or unreasonable for the veteran to report within that period through no fault of his own, on the next calendar day on which it is possible.
- + **Service of more than 180 days.** The returning veteran must apply for reemployment within 90 days of the end of the military service.
- + **Service-incurred or aggravated injury.** If the returning veteran is hospitalized for, or convalescing from, an illness or injury that was incurred in or aggravated by the period of service, the above reporting deadlines may be extended for up to two years for any period of recovery.

Job Reinstatement

USERRA requires that any veteran who receives a certificate showing satisfactory completion of uniformed service will be restored to his previous employment. The type of position to which the veteran must be reinstated depends on the period of service and on the veteran's abilities at the time of reinstatement. The following time frames apply:

- + **Service of 90 days or less.** The veteran must be reemployed in the position he would have held if he had continued in employment without interruption for military service, as long as he is qualified for that position. If the veteran would have been promoted if he had continued in employment but cannot be qualified for that new position after reasonable efforts by IMA, he may be employed in the position he held when military service began.
- + **Service of 91 days or more.** The veteran must be reemployed in the position he would have held except for the interruption for military service, or in a position of like seniority, status, and pay, if qualified for that position. If the veteran would have been promoted if he had continued in employment but cannot be qualified for either that new position or an equivalent one despite IMA's reasonable efforts, he must be reemployed in the position he held when the period of service began or in a position of like seniority, status, and pay.
- + **Veterans who cannot be qualified for the job.** If the veteran cannot be qualified for the job he would have held or the position he formerly held after a returning from uniformed service, IMA will make reasonable efforts to update the employee's skills or provide training the employee would have received on the job.

However, USERRA specifies certain limited circumstances under which IMA is relieved of its obligation to reemploy veterans returning from uniformed service. These circumstances include:



- + Change in IMA's circumstances. If reemployment is "unreasonable or impossible" because IMA's circumstances have changed, IMA may deny reinstatement. For example, if the employee's job has been eliminated in a reduction-in-force, reinstatement is not required.
- + Disabled veteran's employment is an undue hardship. Reinstatement may be denied if the employment of a veteran with a service-incurred or aggravated disability would cause an undue hardship to IMA after reasonable efforts to accommodate the disability.
- + Dishonorable discharge. If an employee is separated from uniformed service with a dishonorable or bad conduct discharge, his rights to reemployment and other protections end.

Compensation and Other Benefits Rights

Pay Differential and PTO

The employee will be paid a pay differential by the company for (i) no more than a 90 calendar day period in any calendar year (the "Leave Period"), which the 90 calendar day period shall commence with the last day worked and end on the 90th day of the Leave Period, or (ii) no more than 90 calendar days in a calendar year if the uniformed service leave is taken in multiple leaves or (iii) if earlier, will end the date the Employee is no longer an active employee of the company. Note: Pay differential payments from IMA will not be made until IMA has received a uniformed service payroll statement from the employee.

Pay will be for the difference between uniformed service pay and wages normally received from IMA during the leave period. This difference in pay is applicable if the total of such employee's uniformed service pay and allowances (excluding travel pay) *is less* than the amount of regular base salary received from IMA for the same period. It is not the intent for the employee to be paid more than 100% of their normal wages.

Upon the receipt of a statement of uniformed service earnings, the Corporate Human Resources Department will take the total uniformed service earnings for the periods of time that corresponds with IMA's semi-monthly pay period to acquire the daily uniformed service rate applicable to IMA's method of payroll computation. If the uniformed service daily rate is less than the employee's base daily rate, this difference will be the additional pay due the employee. This amount would be multiplied by the number of applicable days. The calculation of pay differential will be determined solely on base salary at time of leave.

Note: Holiday days would be included in this compensation as regular pay.

Example 1:

Assume employee's hourly rate is \$5.00 per hour and employee has received \$550.00 in uniformed service pay for 15 consecutive days. Employee has missed 10 working days resulting in a compensation loss of \$400.00 [(10 days x 8 hours/day) x \$5.00 = \$400.00] In this case, employee would not be entitled to regular compensation because the employee's uniformed service compensation exceeded that which the Company would have paid for the same period of time.



Example 2:

Assume as above, except employee's uniformed service pay to be \$300.00 and the employee was absent from work 10 days.

Uniformed service pay	=	\$300.00
Loss of Pay	=	\$400.00 [(10 days x 8 hours/day) x \$5.00]
Loss of Income	=	\$100.00

Employee would receive \$100.00 of regular compensation. The compensation would be divided by the employee's base daily rate to obtain the number of hours to pay.

Benefits

Health Insurance Plans

If an Employee is not actively at work due to a leave for uniformed service, coverage under IMA's Group Health Insurance Plan(s) may continue under COBRA-like continuation for 24 months from the start of the leave, as required by USERRA. The premium for IMA's Group Health Insurance Plan(s) will be shared by IMA and the employee during the COBRA-like continuation period for (i) no more than 90 calendar days in any calendar year (the "Leave Period"), which the 90 calendar days shall commence with the last day worked and end on the 90th day of the Leave Period, or (ii) no more than 90 calendar days in a calendar year if the uniformed service leave is taken in multiple leaves or (iii) if earlier, will end the date the Employee is no longer an active employee of the company. Note: If employee is not eligible for continuation under IMA's Group Health Insurance Plans, the continuation coverage will not be offered. During this period of shared premiums, the employee will be responsible for paying his/her portion of the health insurance premium(s) and IMA will pay its portion of the cost of providing any Group Health Insurance plan the employee is enrolled in at the time of uniformed service leave. After the initial "Leave Period" of continuation coverage is complete, the person electing this coverage will be required to pay up to 102% of the full premium associated with coverage for other employees.

This coverage ends after 24 months or, if earlier, on the date the veteran fails to return or apply for return to employment as required. (Return to work requirements is discussed above.) If the coverage is terminated while the employee is on a uniformed service leave (either because the employee elects not to continue the coverage, because the period of service exceeds 24 months, or for any other reason), the employee and his dependents may not be subject to waiting periods or preexisting condition exclusions upon reinstatement.

Retirement Benefits

Qualified retirement plans must provide service credit for the period of absence to employees who were absent from employment for uniformed service and who are reemployed under USERRA. If the absence was for more than 90 days, a special rule permits the employer to require documentation establishing the employee's entitlement to reemployment before treating the employee as not having incurred a break in service.

The crediting of service for the period of absence for uniformed service is contingent upon reemployment. Thus, IMA is not required to credit service if the employee dies during uniformed service or accepts employment with a new employer.



USERRA provides that an employee returning to employment following an absence due to uniformed service will not experience a break in service under a plan because of that absence. The entire period of absence from work due to or necessitated by service in the uniformed service must be treated as continuous service for purposes of eligibility, vesting and service required to receive contributions. This period of absence includes:

- + Preparation time that may be necessary before uniformed service starts; and
- + Re-entry or recuperation time that is permitted following uniformed service and prior to reemployment.

If the employee has meet USERRA's requirements, then they are entitled, upon reemployment to make up elective deferrals and after-tax contributions that they could have made if their uniformed service had not intervened. Similarly, the employer is required to make up the matching and profit-sharing contributions that it would have made on the employee's behalf had the employee not been away for uniformed service.

Associate Stock Purchase Plan

The employee will not be eligible to purchase allowable shares if he/she is on a uniformed service leave during the IMA Associate Stock Purchase Plan exercise date.

Other company benefits will also be administered as required by federal law.