

## BENCOR Special Pay Plan Overview

The BENCOR Special Pay Plan is a retirement program consisting of two parts, the *first part* satisfying the requirements under **Section 401(a)** of the Federal tax law, the *second part* following the dictates of **Section 403(b)**. Together, these two parts are offered by BENCOR, Inc. as one Plan to help governmental units, as well as you as an employee, save up to 7.65% of Social Security and Medicare taxes on certain forms of "special pay" (as described below) contributed to the first and second parts of the Plan. The Plan also results in the *deferral* of your income taxes on that same special pay that is contributed under both parts of the Plan; income taxes are not imposed until you actually withdraw money from the Plan. The Social Security and Medicare tax savings are *permanent* because these taxes are not imposed on withdrawals from the Plan.



## Frequently Asked Questions

**Who participates in the Plan?** To be eligible for the Plan, you must be in a category of employees designated as *covered by board policy*. If you are covered by such policy, then you will participate if you i) are retiring, and (ii) have accumulated at least \$2,500 of "special pay" (terminal pay, sick leave pay, annual leave pay, etc.).

**What should I do to set up my account?** Your employer establishes your Plan account for you. Once your account is created, you should log on to your account to select your investment options as described below and update your beneficiary information to name the person or persons who should receive the funds in your account in the event of your death.

**How is my account invested?** The Plan offers a full array of investment options in which you may choose to invest amounts contributed to your account. If you do not choose investment options, your account will be invested automatically in your plan's default option, which may or may not be the best option for your circumstances. Therefore, it is very important for you to log on to your account at [www.bencorplans.com](http://www.bencorplans.com) as soon as possible to obtain information about all the available investments and choose the options that are appropriate for your objectives and preferences.

**What is contributed to the Plan?** Contributions to the Plan consist of accumulated special pay that otherwise would be paid to you in cash at retirement or other separation from service. Drop participants' Annual Leave / Terminal Sick Leave Pay will be processed as follows:

- **Annual Leave** – Employees participating in DROP *subject to employer policy* receive their annual leave as a lump sum payment at the time of enrollment in DROP. Annual leave will be paid into the BENCOR NATIONAL PLAN subject to contribution limits. Any annual leave in excess of Plan contribution limits will be paid to the participant subject to Federal tax and related payroll taxes (Social Security and Medicare). The participant does not have access to this money until the end of DROP – other than through loan provisions. This dollar amount will be included in the employee's compensation for retirement benefit calculation purposes (FRS).
- **Terminal Sick Leave Pay** – Employees will transfer 100% of their accrued sick leave into their BENCOR Special Pay Plan account either upon entering the DROP program or upon final separation of service from the School Board of Sarasota County, subject to contribution limits. Any excess amount will be paid to the participant, subject to all applicable taxes. For any employee extending their DROP election, 100% of their sick leaves will be paid out at the end of five (5) years and 100% at the end of each extension.

Employees terminating prior to their pre-selected DROP-end date will have 100% of their remaining eligible sick-leave balance paid into the Plan, subject to contribution limits. Any excess amount will be paid in cash, subject to all applicable taxes. This method of payment allows employees to take maximum advantage of Federal tax law.

In addition to these employer-made contributions of special pay, you also may choose to "roll over" into the Plan monies invested in other eligible retirement plans or traditional IRAs, thereby consolidating your retirement savings in one place.

**Is there a limit on the amount of Special Pay that can be contributed to the Plan?** Yes. For 2019, the IRS limits contributions to the 401(a) part of the Plan on behalf of any participant to the **lesser** of \$56,000 or 100% of the participant's includible compensation for the most recent period counted as a year of service. If the amount of special pay exceeds the applicable limit for the 401(a) part of the Plan, any excess is contributed automatically to the 403(b) part of the Plan, again up to a maximum of \$56,000 for 2019, or 100% of the participant's compensation for the year, if less. In total, therefore, if a participant has other current compensation of at least \$56,000, up to \$112,000 of special pay may be contributed to the Plan. If a participant's other current compensation is less than \$56,000, a different calculation applies, but a significant portion of special pay still may be contributed to the Plan.

Your employer never will contribute more to the Special Pay Plan on your behalf than is permitted by law. Any amount that cannot be contributed to the Plan will be paid to you as currently taxable compensation. Please consult your tax advisor or your BENCOR representative regarding your specific Plan contribution limits.

**May I still make elective deferrals to another 403(b) or 457(b) plan?** You still may elect to defer money into any other plans for which you are eligible, subject to all applicable limits imposed by Federal tax law, but no elective employee contributions may be made to the BENCOR Special Pay Plan.

**Can I withdraw money from my account?** Your account is always 100% vested and belongs only to you. The balance of your account is available for withdrawal at any time *after* your termination of employment, or upon total disability or death. In the case of your death, the beneficiary(ies) you name under the Plan will be able to withdraw your account balance. Funds may be withdrawn in one or more cash distributions, which are taxable for the year of withdrawal, or in the form of a direct rollover to an IRA or other eligible retirement plan, which results in continued deferral of your income tax obligation. To request a withdrawal, download a Distribution Request Form from [www.bencorplans.com](http://www.bencorplans.com). Additional information about income taxes and rollovers is included with the form.

**Are my funds taxable and are there any penalties when I withdraw my funds?** Income taxes are imposed for the year of withdrawal. Income taxes are deferred in the case of a rollover to an IRA or other eligible retirement plan, although rollovers to a "ROTH" IRA are currently taxable. The Special Tax Notice included with the Distribution Request Form provides general information about the taxation of distributions from the Plan. For specific tax information, consult an independent tax advisor.

There also is a *10% IRS penalty* on withdrawals taken prior to the year in which you turn 59 1/2 if you retire prior to the year in which you turned 55. Your employer has chosen to "make whole" those employees who fall within this category *if* they request all of their funds in cash from the Plan Administrator within **30 days** of separation from employment. This normally would require a make-up of 2.35% (10% penalty minus 7.65% previous savings on Social Security and Medicare taxes). However, individuals who have met their FICA salary limit before retiring would receive an 8.55% (10% penalty minus 1.45% savings) reimbursement for amounts over the FICA limit.

Your account is subject to the IRS Required Minimum Distribution rules after you reach age 70 ½ or retire, whichever is later, or following your death, if earlier.

**Can I borrow from my account?** You may be eligible to borrow up to 50% of your account balance. The minimum loan amount is \$1,000. The amount available to borrow is affected by any other Plan loans you have received. An initiation fee of \$75 is deducted from your account each time you take a loan. A quarterly loan maintenance fee of \$6.25 also applies but not in the quarter the loan is issued. There is a maximum of two (2) loans allowed. Please visit [www.bencorplans.com](http://www.bencorplans.com) to view loan availability and request a loan.

**Will I receive statements?** Statements showing your account activity and ending balance are provided after the close of each calendar quarter. You may enroll in e-statements online to save mail time, paper and ink.

**Are there any fees?** There are no administrative fees charged to your account unless your balance is less than \$1,000 *and* no contributions have been made to your account for more than two years. At that time, if you do not elect a distribution, a monthly maintenance fee will apply.



## BENCOR FICA Alternative Plan Overview

The BENCOR 401(a) FICA Alternative Plan (Plan) is a qualified retirement plan under Federal tax law that covers part-time, seasonal and temporary employees of the District who are not covered by the Florida Retirement System. The Plan provides an alternative benefit to Social Security and exempts you from FICA (Social Security) payroll taxes. You continue to pay Medicare taxes on your wages. Enrollment in the Plan is automatic for every employee who works in a position covered by the Plan.



**How much is contributed?** You contribute 7.5% of your wages on a *pre-tax basis* (for income tax purposes) instead of paying Social Security taxes that otherwise would be determined and paid by you on an *after-tax basis*. You will see your Plan contribution amount reflected on your paycheck stub. Contributions are credited to an individual account in your name under the Plan.

**How can I access my account?** Go to [www.bencorplans.com](http://www.bencorplans.com), click on **Participant Login**, select your State, County and Employer then click on **Log In**. Enter your social security number as the User ID and the last four digits of your social security number as the Password. Select **Participant** from the drop down and **Login**, follow the prompts to create your personalized security questions, user ID and password.

**How is my account invested?** The Plan offers different investment options in which you may choose to invest amounts contributed to your account. If you do not choose investment options, your account will be invested automatically in the guaranteed option, which may or may not be the best option for your particular circumstances. Therefore, it is very important for you to log on to your account at [www.bencorplans.com](http://www.bencorplans.com) as soon as possible to obtain information about all the available investments and choose the options that are appropriate for your own objectives and preferences.

**Can I withdraw my account?** Your account is always 100% vested and belongs only to you. The balance of your account will be available **60 days** after your termination of employment, retirement or total disability. In the case of your death, the beneficiary or beneficiaries you name under the Plan will be able to withdraw your account balance. Funds may be withdrawn as a lump sum cash distribution, which is taxable for the year of withdrawal, or as a direct rollover to an IRA or eligible retirement plan, which defers your income tax obligation. To request a withdrawal, download a Distribution Request Form from [www.bencorplans.com](http://www.bencorplans.com). Additional information about income taxes and rollovers is included with the form.

Your account is subject to the IRS Required Minimum Distribution rules after you reach age 70 ½, or retirement, if later.

Individuals who are "active participants" for the year in certain tax-advantaged retirement plans, such as this FICA Alternative Plan, are subject to federal tax law limitations on deducting contributions for the same year to an IRA account. These limitations also may affect a spouse's IRA deductions. Consult an independent tax advisor if you wish to take federal income tax deductions for contributions to an IRA.

**Will I receive statements?** Annual statements showing your account activity and ending balance are provided after the close of each calendar year. You may enroll in e-statements online to save mail time, paper and ink.

**Are there any fees?** There are no administrative fees charged to your account unless your balance is less than \$1,000 and no contributions have been made to your account for more than two years. At that time, if you do not elect a distribution, a monthly maintenance fee will apply.

**How can I get more information?** To logon to your account for plan and account information, go to [www.bencorplans.com](http://www.bencorplans.com). Enter your User ID and Password, select **Participant** from the drop down and **Login**. After logging on, select Support from the menu to chat with a BENCOR Customer Service Representative, or dial a BENCOR Customer Service Representative at 1-866- 296-9712. Representatives are available Monday – Friday, 9:00 a.m. through 6:00 p.m., Eastern Time.

