

## BENCOR Special Pay Plan Overview

The Plan is a retirement program consisting of two parts, the *first part* satisfying the requirements under **Section 403(b)** of the Federal tax law and the *second part* following the dictates of **Section 457(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 1.45% of Medicare taxes on certain forms of “special pay” (as described below) contributed to the first part 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. Medicare tax savings, on the other hand, are *permanent*, because this tax is 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 or separating from service, and are at least age 55, and (ii) have accumulated at least \$1,000 in "special pay" (sick leave pay, annual leave-vacation pay, incentive 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:

- 1) select your statement delivery preference (electronic/paper) under **Statements/Forms**; and
- 2) designate the person(s) who should receive the funds in your account in the event of your death by using the **Beneficiaries link** under the **gear icon**.

**How is my account invested?** The Plan offers a full array of investment options in which you may choose to invest the 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 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.

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. The IRS adjusts the annual dollar limit periodically to reflect cost-of-living increases. [Click here to see the current IRS limits.](#)

Your employer will not 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 retained until the next plan year or paid to you as current taxable compensation, as applicable. 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 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, log on to your account at [www.bencorplans.com](http://www.bencorplans.com) and submit your request electronically or download a Distribution Request Form. Additional information about income taxes and rollovers is provided online and 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.

Your account is subject to the IRS Required Minimum Distribution rules after you reach age 70 ½ (age 72 for participants who reach age 70 ½ after 12/31/19) 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 for up to 5 years. 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 applies for the duration of the loan, but not in the quarter the loan is issued. A maximum of two (2) loans are 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.

**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.