

LEE COUNTY FLORIDA PUBLIC SCHOOLS - BENCOR 401(a) FICA ALTERNATIVE PLAN SUMMARY

What is this retirement plan? Lee County Florida Public Schools BENCOR 401(a) FICA Alternative Plan is a qualified retirement plan under Federal tax law that covers part-time, seasonal and temporary employees in the School 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 is my account invested? You may choose from among any of the investment options offered within the Plan. Go to www.bencorplans.com, click on **Participant Log On**, then select the **Get Started** box and follow the prompts to create your personalized user ID and password. Once logged on, from the **Review** tab, click on **Fund and Fee Information** to review the investments available to you. Then, from the **Manage** tab, you can change the investment allocation of your account's current assets and future contributions. If you do not choose investment options, your account balance will be invested in the guaranteed option designated by your employer, 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 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.

What should I do to set up my account? Lee County Public Schools establishes your account for you. Once your account is created, you should select your investment options as described above. It's also important to go to the **Beneficiaries** link under the **Home** tab to name the person or persons who should receive your account in the event of your death.

Can I withdraw my account? Your account is always 100% vested and belongs only to you. The balance of your account will be available for withdrawal by you **90 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. Distribution Request Forms with pertinent tax information are available from the **Forms** link located under the **Home** tab. Mail the completed form to: Lee County Public Schools, Personnel Dept., 2855 Colonial Blvd., Fort Myers, FL 33966-1012.

Are my funds taxable and are there any penalties when I withdraw my funds? Cash distributions and rollovers to Roth IRAs are taxable when distributed. Please review the Special Tax Notice included with the Distribution Request Form for more information. Cash distributions are subject to 20% mandatory withholding for Federal income tax. The IRS assesses a 10% additional tax, also called an "early withdrawal penalty," if you withdraw your funds before age 59 ½. However, if you are at least at 55 when you leave employment, this additional tax will not apply. Also, the additional tax does not apply if you are withdrawing money from your account due to your total disability or if your account is paid out to a beneficiary due to your death. If you live in a state with a state income tax, you also may be subject to state tax withholding.

Are there other tax issues I should know about? The Special Tax Notice provides general information about the taxation of distributions from a qualified retirement 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, 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. Go to **e-documents** under the **Home** tab to sign up for e-statements and other e-documents.

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 talk to someone if I have more questions? For administrative assistance, dial a Bencor Customer Service Representative at 1-888-258-3422, and select option 1. Representatives are available Monday – Friday, 8:30 a.m. to 5:00 p.m., Eastern Time. Bencor also has representatives located throughout the state of Florida. Go to www.bencorplans.com and select "Florida BENCOR Rep" to view an interactive map of Florida. Click on your county to find your local representatives.