

Instructions for Employees

A. **Complete the BENCOR Retirement Plan Enrollment Form** – It is very important that you fill out the enrollment form so BENCOR Administrative Services will have current information on your:

1. **Address** – This is where your account statements will be sent.
2. **Beneficiary** – This will assure that your account will be distributed in accordance with your wishes in the event of your death.
3. **Investment Direction** – This form allows you to direct your investments upon enrollment. Remember: your money is automatically deposited into the Guaranteed Pooled Fund unless you direct otherwise.
 - a. **Guaranteed Pooled Fund** – An interest rate is paid on these funds and the principle is guaranteed. Interest is credited daily to this account. The interest rate on the GPF is declared annually on January 1 for the calendar year.
 - b. **Investment Options** – You may choose to invest your money in any of the additional investment options that may achieve a higher or lower rate of return than the Guaranteed Pooled Fund. These variable accounts carry no guarantees and you assume all investment risk.

B. Using Your BENCOR Account

1. **Accessing your account** – See the back cover for detailed information.
2. **Withdrawals** – You may withdraw your funds from this account at any time after your termination of employment with no surrender charges. Please seek tax advice from competent counsel to determine the tax liability on withdrawals.
3. **Changes to your investment options** – You may change your investment options at any time with no transfer fees. You may make these changes either over the telephone, over the internet, or by written instructions. Please see the listings on the back cover for contact addresses, phone numbers and web information.
4. **Rollovers** – Upon your termination of employment, you may roll over these funds to other tax-advantaged investments such as IRA and 403 (b) accounts. For a complete list of roll over options, please contact your financial advisor.

Note: If you roll over your funds into an IRA and you have not attained the age of 59 1/2, you may subject your rolled funds to a 10% tax surcharge if you withdraw these funds from the IRA prior to attaining this age.

Effects of the FICA Alternative Plan Contributions and Social Security Payments on Employee's Take-home Pay

The following illustrates the effects of the FICA Alternative Plan contributions and Social Security payments on the part-time, seasonal and temporary employee's take-home pay. This special retirement plan affords the eligible employee with the options of leaving the investments in the plan or taking the investments with him/her at employment termination, regardless of the amounts deposited or time worked. There are no minimum number of work hours required for participation or vesting. These contributions are made on a pre-tax basis with federal income taxes being deferred until withdrawal at retirement. Take-home pay is affected in a very small way, and in some cases can increase the employee's take-home pay. The employee has the ability to manage his/her own account.

Sample Paycheck Part-time, Seasonal or Temporary Employee

	<i>Without the BENCOR Plan</i>	<i>With the BENCOR Plan</i>
Monthly Gross Earnings	\$1,000.00	\$1,000.00
Less 7.5% Plan Contributions ¹	0.00	75.00
Taxable Income	1,000.00	925.00
Less 15% Income Tax ²	150.00	138.75
Less 6.2% Social Security Withholding ³	62.00	0.00
Less 1.45% Medicare Withholding	14.50	14.50
Net take-home pay	<u>\$ 773.50</u>	<u>\$ 771.75</u>
Accumulated Savings		+75.00
Total Net-pay Plus Accumulated Savings		<u>\$846.75</u>

¹Assumes no employer contributions deposited into employee's account.

²Actual income tax liability may be more or less depending on employees other income, deductions, and tax filing status.

³Note that Social Security contributions are after-tax contributions with plan contributions being before-tax.