

BENCOR Special Pay Plan



Presented by:

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The School District of Lee County, Florida

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Strategies suggested may not return the results illustrated as strategies and risks will differ from client to client including those with fewer or greater assets or income.

Who is BENCOR?

BENCOR*

In Florida, offers Special Pay plans in 63 Public School Districts; 27 State colleges and Universities; State employees
Over 1 Billion \$'s under management*

*US BENCOR

BENCOR Retirement Consultants

Local Independent Advisors with decades of experience working with Public School Employees

The School District of Lee County, Florida

Corporate Structure

Financial

Charles
Schwab Bank
\$\$\$

Administrative

BENCOR
Administrative
Services

BENCOR

INC

BENCOR
Retirement
Consultants

Advisory

Statements will now be from
Charles Schwab

Office located in Brentwood, TN

The School District of Lee County, Florida

What is the BENCOR Special Pay Plan?

A mandatory 401(a)/403(b)
program designed for:

- ~ Accumulated Sick Pay
- ~ Accumulated Annual Leave

Who is eligible for BENCOR?

- All Lee County School Board retiring or terminating employees, and DROP participants whose accumulated sick and annual leave is \$1,000 or more

Except:

- Employees covered by the SPALC bargaining unit, who did not ratify the BENCOR Special Pay Plan.

School District of Lee County Policy Regarding Sick Days

- Lee County holds back 30 days of sick pay before distributions are made to BENCOR
 - 8 hr employee = 240 hours, 7.5 hr employee = 225 hours
- If an employee has more than 30 days of sick pay, calculations will be made based off of the DROP Sick Leave Table, if you have over \$1,000 of sick pay, you will receive all sick pay owed to you per the eligibility requirements of the district and processed to your BENCOR account.
- Less than 30 days, or calculations that equaled less than \$1000, no contributions are made and the hours remain on file.
- DROP Reviewed annually based on June 30 data.

What are the advantages of BENCOR to employees?

Tax savings on FICA:

Social Security and Medicare

Without the Bencor Plan you pay up to 7.65% in Social Security and Medicare payroll taxes

What are the advantages of BENCOR to employees? (cont)

- **Defer Federal Income Tax!**
 - Without the Bencor Plan you could pay 25%, 28%, 31% or higher in income taxes
- **With the Bencor Plan – You May Defer all Income Taxes**
 - Pay taxes as you take distributions

Special Pay Comparison

No BENCOR Plan

\$10,000

\$ 2,500 Fed Tax

\$ 620 FICA

\$ 145 Medicare

\$ 6,735 Net Pay

With BENCOR Plan

\$ 10,000

\$ 0 Fed Tax (Deferred)

\$ 0 FICA (Saved)

\$ 0 Medicare (Saved)

\$ 10,000 Deposited

This illustration is hypothetical and will differ from employee to employee.

BENCOR

Annual Contribution Limits

- Eligible employees retiring or terminating service **not** enrolled in DROP
 - Your sick pay is automatically deposit in your account at BENCOR upon separation
 - The lesser of 50% of employee Plan Year Compensation or \$58,000*
*as of 2021
 - Plan Year Compensation = wages from July 1 until employment separation + accumulated sick and annual leave

For the benefit of employees who may exceed the Annual Contribution Limit, a 2nd BENCOR Special Pay Plan is available.

The main Special Pay is a 401(a) plan.

The secondary plan is a 403(b) plan, which will only be used for contributions that exceed the Maximum Annual Limit for the 401(a) plan.

BENCOR

Annual Contribution Limits (cont.)

- The 403(b) BENCOR contribution limits will be lowered by individual TSA/403(b) contributions during the calendar year (January – Retirement Date)
- Excess amounts beyond the 401(a) and 403(b) limits will be paid directly to employees with all applicable taxes withheld.

BENCOR

Annual Contribution Limits (cont)

■ DROP Participants

- The lesser of 100% of Plan Year Salary or \$58,000*

*as of 2021

- The school district will hold back a minimum of 30 days sick leave
- Sick leave money is sent to BENCOR utilizing the schedule on the following slide:

Sick leave contribution schedule during DROP

(At end of:)

Year 1 20 %*

Year 2 25 % *

Year 3 33%*

Year 4 50 %*

Year 5 100% of Remaining sick leave

** Those entering DROP on dates other than July 1st , the contribution percentages will be prorated for each year.*

Features of BENCOR

Liquidity & Flexibility

- There are no fees, charges or penalties to access your money or to transfer (rollover) your money to another retirement account.

Features of BENCOR (cont)

Safety

- BENCOR offers a Stable Value Fund, through Lincoln National Life Ins. Co. an A⁺ rated company.
- Each January BENCOR announces the guaranteed interest rate for the year.

All product guarantees are based on the claims-paying ability and financial strength of the issuing insurance company.

Features of BENCOR (cont)

Safety

- This fixed account has a 2021 declared interest rate of 1.50% (contract minimum is 1.00%)
- Both accounts can receive higher declared interest rates as shown on the following slide.

All product guarantees are based on the claims-paying ability and financial strength of the issuing insurance company .



Guaranteed Minimum Interest Rate Protection Lincoln Stable Value Fund

2011	1.30%		2017	1.50%
2012	1.00%		2018	1.50%
2013	1.00%		2019	1.50%
2014	1.00%		2020	1.50%
2015	1.00%		2021	1.50%
2016	1.00%			

Investment Choice

- The default investment option is the Stable Value Fund.
- When no investment options are listed, all funds will go into the Stable Value Fund.

Other Features of BENCOR (cont)

Loan Privileges

- up to ½ of your account balance up to \$50,000*

*If you default on the loan, the unpaid balance is treated as an early distribution from your 403(b), triggering taxes and a 10% penalty.

Investment Options

- a choice of 35 mutual funds, shown on the next screen, are offered through Charles Schwab Bank

Before investing carefully read the prospectus (es) which contain information about investment objectives, risks, charges, expenses and other information all of which should be carefully considered before investing. For current prospectus (es) call (800) 874-6910. Investing involves risk. The investment return and principal value will fluctuate and, when redeemed, the investment may be worth more or less than the original purchase price.

Other Features of BENCOR (cont)

■ Bond Funds

Long Term Bonds
High Yield Bonds

Multi-Asset (combines stocks and bonds)

Short, Intermediate, Long Term

■ Stock funds

Large Value
Large Core
Stock Index
Large Growth
International Equity

Mid-Cap Value
Mid-Cap Growth
Small-Cap Value
Small-Cap Growth

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How to apply to BENCOR

- You will automatically be enrolled into BENCOR when sick and vacation leave is sent from the School District of Lee County to BENCOR.
- For employees that have chosen to roll their DROP funds to BENCOR, but do not currently have a BENCOR account, enrollment forms will be provided from your local BENCOR Representative.

Sick leave money sent to BENCOR

- The School District sends DROP Sick Leave Money to BENCOR in August of each year.
- In the year in which you separate from service, Terminal Pay funds are 2-3 payroll cycles after last wages are paid.
 - If you retire May 4, 2021 your final wages are anticipated to be paid May 31st.
 - Terminal Pay will be processed to BENCOR 2-3 payrolls after your final wages.

Sick leave money sent to BENCOR (cont.)

- Funds are sent to a BENCOR Trust Account (custodian) and then deposited into your investment choice.
- BENCOR Administrative Services (BAS) records funds received, and sends statements and account access information to you.
- Account statements are sent quarterly

BENCOR Account Information

- BENCOR funds can be accessed after employment separation.
 - Distributions available in 7–10 business days
 - Extremely flexible distribution options:
 - Interest only (monthly or annual)
 - Fixed monthly payments
 - Monthly amounts can be sent to your checking account
 - Lump Sum distributions, large or small
 - Entire account

BENCOR Account Information

- All distributions are taxable income with appropriate taxes withheld

If you retire before the year in which you turn age 55, and receive funds before age 59 1/2 you may be subject to a 10% IRS penalty.

- Loans are available as soon as funds are in your BENCOR account*

*If you default on the loan, the unpaid balance is treated as an early distribution from your 401(a)/403(b) account, triggering taxes and a 10% penalty

BENCOR Account Information

- Web-site available to access account information at : www.bencorplans.com
 - User name and password needed
- BENCOR provides representatives for assistance at: (866-296-9712)
- Investment changes can be done on-line
- BENCOR provides quarterly account statements

Optional uses of BENCOR

- All employees, including SPALC members, can roll over their DROP account into BENCOR tax-deferred.
 - Remember, you have 60 days after your DROP exit date to move your DROP or be taxed.
 - Fill out the DROP PAYT form, with a notarized signature, and bring it to your local BENCOR Representative.
 - BENCOR will complete the PAYT form and forward it to FRS DROP Termination.
 - BENCOR will send notification to you when funds have been transferred.

Optional uses of BENCOR_(cont)

- Other retirement accounts such as 403(b), IRA and 401(k)'s can also be transferred into BENCOR.
- Eligibility requirements:
 - Employment Separation
or
 - Age 59 1/2 or older

Summary of BENCOR

- Mandatory for all eligible employees
- Retirement plan for accumulated sick & annual leave
- Terminal Pay is automatically sent to your BENCOR account, continuing the tax deferral until withdrawn
- Employees save on Social Security & Medicare Taxes
- 100% liquidity- no fees or charges to access funds
- Loan Privileges
- 36 investment choices including the fixed account
- Funds available at employment separation

Summary of BENCOR (cont)

- Distributions are taxable, with applicable taxes withheld
- Distributions can be requested on-line
- Distributions can be mailed to your home or electronically sent to your checking or savings account
- Account information available by website or phone
- DROP funds can be moved to your BENCOR account tax-deferred
- Other retirement accounts can also be moved to BENCOR tax-deferred using certain eligibility requirements

Contact Information for your local BENCOR Retirement Consultants

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