

Miami-Dade County 401(a) Special Pay Plan Overview



NO-COST 401(a) SPECIAL PAY PLAN IMPORTANT BENEFIT IMPLEMENTATION INFORMATION

****A Special Auto-Enrollment Retirement Savings Benefit Tool for Non-Bargaining Union Employees****

Who is Bencor and What is a 401(a) Special Pay Plan?

- The Special Pay Plan is an auto-enrollment employer-sponsored 401(a) retirement plan for accumulated and unused sick leave of not less than \$2,500.
- BENCOR is the Miami-Dade County partner Plan Administrator.

Why Implement the Bencor Auto-Enrollment 401(a) Plan?

- Generates Employee Savings - 100% Vested Account Belongs to you!
- Miami-Dade County participants avoid paying 7.65% of Social Security and Medicare taxes on amounts deposited into the Special Pay Plan.
- Income Tax Deferment until you retire and withdraw from your account.

Who is Eligible?

- Non-Bargaining Union employees with accumulated and unused sick leave are eligible to participate and will be automatically enrolled.

How can I learn more?

- Attend a local Benefits Seminar and read important information.
- Go to www.bencorplans.com.
- Your HR Department at Miami-Dade County benefits website miamidade.gov **Defined Contribution (miamidade.gov)**.

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Welcome to the Miami-Dade County 401(a) Special Pay Plan

Miami-Dade County is partnering with BENCOR to administer an auto-enrolled 401(a) Special Pay Plan on accumulated, unused sick leave pay initially for non-collectively bargained eligible employees, as a no-cost important retirement benefit tool. Please read this letter carefully which provides important general information about the plan and outlines available resources for you to get more detailed information.

Key Features of your Special Pay Plan

- **HOW IT WORKS:** Income taxes are deferred on contributions to the plan until you withdraw the money from your account in the plan following retirement, disability, death or termination of employment.
- **NO HIDDEN COSTS:** Miami-Dade County will make a pre-tax contribution of "special pay" based on your accumulated, unused sick leave pay into a 401(a) Special Pay Plan retirement account in your name at NO COST.
- **MINIMUM AMOUNT OF CONTRIBUTIONS:** \$2,500.
- **NO FORMS:** You are automatically enrolled in the program.
- **SAVINGS PLAN:** You will permanently save up to 7.65% of your wages in Social Security and Medicare taxes that otherwise would be deducted from your wages.
- **EMPLOYEE SECURITY:** Your plan account is always 100% vested and belongs only to you.

Where Can You Get More Information?

1. Miami-Dade County Department Website

Access **Frequently Asked Questions** and plan videos through a link on your employer's benefits web portal.

2. Online - www.bencorplans.com

Click on **Participant Login**, select your State, County and Employer then click on **Log In**.

- For first time users, click on **New User** and follow the prompts to create your username and password.
- For returning users, enter your User ID and Password, select Participant from the drop-down menu and **Login**.

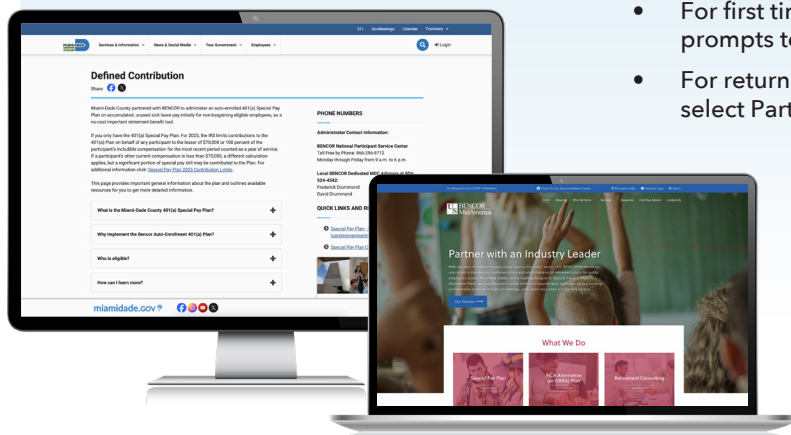
3. BENCOR National Participant Service Center

Toll Free by Phone: 866-296-9712

(M-F 9:00 a.m. - 6:00 pm ET)

4. Your local BENCOR Dedicated MDC Advisors at 954-524-4542:

Frederick Drummond and David Drummond



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The Special Pay Plan ("Plan") is a NO COST retirement benefit tool titled as a **Section 401(a) Special Pay Plan** of the Federal tax law.

- Initially, the plan is being offered by Miami-Dade County and administered by BENCOR as a way for non-bargained employees, and employers to save up to 7.65% of Social Security and Medicare taxes for "special pay" (accumulated and unused sick leave of not less than \$2,500) contributed to the Plan.
- The Plan also results in the deferral of your income taxes on that same special pay that is contributed under the Plan; income taxes are not imposed until you actually withdraw money from the Plan.
- Social Security and Medicare tax savings, on the other hand, are permanent, because these taxes are not imposed on withdrawals from the Plan.

Frequently Asked Questions

Q. Who participates in the Plan?

A. To be eligible for the Plan, you must be designated as Non-Bargaining Union employee. If you are covered by this designation, then you will automatically participate, if you (i) separate from service and (ii) have accumulated at least \$2,500 of "special pay" (accumulated and unused sick leave pay, etc.).

Q. What should I do to set up my Plan account?

A. Your employer automatically establishes your Plan account for you at No Cost. Once your account is created, you should log on to your account at **bencorplans.com** to:

- 1) select your statement delivery preference (electronic/paper) under **Statements/Forms**;
- 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**;
- 3) make an investment election under **Investments**; and
- 4) add your personal email address for plan communications, including statement notifications.

Q. What is the effective date of the Plan?

A. The Plan is effective date TBD.

Q. What are the options for investment of my account?

A. The Plan offers different investment options in which you may choose to invest amounts contributed to your account. The options are listed and described on the website at **bencorplans.com**. If you do not choose investment options, your account will be invested automatically in your Plan's default option, the Lincoln Stable Value Account. Therefore, it is important for you to log on to your account at **bencorplans.com** as soon as possible to obtain information about all the available investments and choose the options that are appropriate for your own financial objectives and preferences.

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Q. What is contributed to the Plan?

A. Contributions to the Plan consist of accumulated special pay which includes accumulated and unused sick leave pay of not less than \$2,500 that otherwise would be paid to you in cash at retirement or other separation from service.

In addition to these contributions of special pay made by your employer, 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.

Q. Is there a limit on the amount of Special Pay that can be contributed to the Plan?

A. Yes. The IRS adjusts the annual dollar limit periodically to reflect cost-of-living increases.

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.

Q. May I still make elective deferrals to another 457(b) plan?

A. Yes. 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.

Q. Can I withdraw money from my account?

A. 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, retirement, 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 bencorplans.com and submit your request electronically. Additional information about income taxes and rollovers is provided online.

Q. Are my funds taxable and are there any penalties when I withdraw my funds?

A. 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 provides general information about the taxation of distributions from the Plan. For specific tax information, consult an independent tax advisor.

Q. What if I retire, separate or withdraw funds early from my Special Pay Plan Account?

A. An additional 10% tax (IRS early withdrawal penalty) may apply to withdrawals taken prior to the attainment of age

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59½ if you retire or otherwise separate from service prior to the year in which you turned age 55.

Miami-Dade County Early Withdrawal Offset Provision:

Your employer has chosen to reimburse ("make whole") those employees who fall within this category *if they request* all of their funds in cash from the Plan Administrator within **60 days** of separation from employment AND submit an application request to Human Resources Department Benefits Division for the Early Withdrawal Offset Provision payment within 30 days of receiving such distribution. This generally results in a payment 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 73 or retire, whichever is later, or following your death, if earlier. (If you reached age 72 before 1/1/2023, your required beginning date may be different.)

Q. Can I borrow from my account?

A. **Yes.** 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 bencorplans.com to view loan availability and request a loan.

Q. Will I receive account statements?

A. Statements showing your account activity, including beginning balance, contributions made, investment results and ending balance, are provided after the close of each calendar quarter. You may generate a statement on demand at any time by logging in to your account.

Q. Are there any fees?

A. 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.

To request materials in accessible format, sign language interpreters, CART services and/or any accommodation to participate in any County-sponsored program or meeting, please contact Benefits@miamidade.gov five days in advance to initiate your request. TTY users may also call 711 (Florida Relay Service.)