

<div style="text-align: center;">OVERVIEW BENCOR “Special Pay Plan” For Employees of the School District of Lee County</div>

The BENCOR NATIONAL GOVERNMENT EMPLOYEES RETIREMENT PLAN™ (BENCOR Special Pay Plan) is offered by BENCOR, Inc. to help governmental entities and their employees take maximum advantage of the Federal tax laws. Below is an explanation of how BENCOR Special Pay Plan works and the advantages it offers.

Eligibility

- Employees who are eligible for accumulated sick leave pay and/or annual leave pay from the School District of Lee County will participate in this “Special Pay Plan.”
- Accumulated sick leave pay and annual leave pay of employees who retire, terminate employment, or enter into the DROP program will be placed into the BENCOR “Special Pay Plan” subject to contribution limits.

Contribution Limit for Employees not enrolled in the DROP Program

- In the last year of employment, the Maximum Plan Contribution on behalf of any employee to the BENCOR 401(a) Plan cannot exceed 100% of the Plan Year Salary or \$58,000, whichever is less.
- If an employee’s sick leave and/or vacation pay exceeds the 401(a) Maximum Plan Contribution limit, the employee also may qualify for contributions to the BENCOR 403(b) Plan in the last year of employment. The Maximum 403(b) Plan Contribution cannot exceed 100% of wages for the previous 12 months or \$58,000, whichever is less, reduced by any elective deferrals to the employee’s own 403(b) account.

Contribution Limit for Employees Enrolled in the DROP Program

- In the Plan Year before entering DROP and in the final year of DROP, the Maximum Plan Contribution to the BENCOR 401(a) Plan cannot exceed 50% of Includible Compensation* or \$58,000, whichever is less.
- If an employee’s sick leave and/or vacation pay exceeds the 401(a) Maximum Plan Contribution limit, the employee may also qualify for contributions to the BENCOR 403(b) Plan. In the Plan Year before entering DROP and in the final year of DROP, the Maximum 403(b) Plan Contribution cannot exceed 50% of Includible Compensation or \$58,000, whichever is less, reduced by elective deferrals to the employee’s own 403(b) account.
- For all other DROP years, the Maximum Plan Contribution to the BENCOR 401(a) account cannot exceed 100% of Plan Year Salary or \$58,000, whichever is less.
- If an employee’s sick leave pay exceeds the 401(a) Maximum Plan contribution limit, the employee also may qualify for contributions to the BENCOR 403(b) Plan. For all other DROP years, the Maximum 403(b) Plan Contribution cannot exceed the lesser of 100% of Wages for the previous 12 months or \$58,000, reduced by elective deferrals to the employee’s own 403(b) account.
- The 401(a) and 403(b) Maximum Plan Contribution limits are re-calculated each year.

*Includible Compensation = Wages for the previous 12 months + Accumulated Sick Leave Pay +
Accumulated Annual Leave pay (“Special Pay”) that is to be paid in that year.

Plan Trustee, Plan Sponsors, and Plan Administrator

- Charles Schwab Bank is the trustee for all contributions made to the BENCOR Special Pay Plan.
- BENCOR, Inc. is the Special Pay Plan sponsor and Charles Schwab is the investment provider.
- BENCOR Administrative Services is the Special Pay Plan Administrator. **The toll-free number is 1-866-296-9712.**

Investments

- Special Pay Plan contributions are automatically placed in a fixed account (Lincoln Stable Value Account-Legacy) and can be invested in other accounts only in accordance with the participants’ instructions.
- 35 investment options from Charles Schwab are currently available to Plan Participants.

Investment Expenses

- There is no fee charged for contributions that remain in the Stable Value Account (i.e., fixed or guaranteed).

Distributions and IRS Penalties

- Distributions may be taken at termination of employment or upon total disability or death.

- The participant may choose to leave money in the Plan, self-directing future investments and taking distributions as desired in a *tax-deferred manner*. Distributions may be taken in a lump sum or as periodic payments made monthly, quarterly, semi-annually or annually.
- To receive a distribution, the participant must complete that online through their BENCOR online account access. For help contact BENCOR Administrative Services at 1-866-296-9712.
- Distributions will be processed in a timely manner with minimal waiting.
- Loans are available to Plan Participants. For loan information, contact BENCOR Administrative Services at 1-866-296-9712.
- Participants (or surviving spouses and other beneficiaries) can “roll over” Plan assets into an IRA or another qualifying plan after termination of employment from the School District of Lee County.
- There is no IRS penalty for any Plan Participant age 55 or older who elects to withdrawal plan funds provided the participant has separated from service during the calendar year in which they turn age 55, or later.
- Plan participants who separate employment before the calendar year in which they turn age 55 and who elect to withdraw Plan funds prior to age 59 ½ are subject to a 10% early withdrawal penalty imposed by the IRS. **The School District will “make whole” Plan Participants who fall within this category if they request all of their funds from the Plan Administrator within the later of: 60 days of actual retirement or termination of employment with the School District of Lee County; or 60 days of notification.** This normally requires a make-up of 2.35% (10% penalty minus 7.65% previous saving on Social Security taxes). Individuals who have met their FICA salary limit at the time of termination/retirement, however, would receive a make up of 8.55% (10% penalty – 1.45% Medicare tax savings) for amounts over the FICA limit.
- **Please consult your tax advisor for information regarding the taxability of Plan distributions.**

Special considerations for DROP Participants

- **Annual Leave** – Employees participating in DROP have the option to: (1) receive their Annual Leave as a lump sum distribution at the time of enrollment in DROP; or (2) receive a lump sum payment at the end of the DROP period. If option (1) is chosen (Annual Leave paid as a lump sum at the time of enrollment in DROP), this dollar amount will be included in the employee’s compensation for calculation of FRS retirement benefit. If option (2) is chosen (Annual Leave paid at the end of DROP period), this dollar amount is not included in the FRS benefit calculation.
Under both options (1) and (2) above, Annual Leave will be placed into the BENCOR 401(a) account subject to contribution limits. Any Annual Leave in excess of the 401(a) Maximum Plan Contribution limits may also qualify for contributions to the BENCOR 403(b) Plan. The Plan Participant will not have access to Plan contributions until the end of the DROP period, other than through the Plan’s loan provisions.
- **Accumulated Sick Leave Pay** – Employees participating in DROP will have their accumulated sick leave pay (less a 30-day Sick Leave Holdback) deposited into their BENCOR Plan account as described in the table below:

Forth from the final year in DROP	20% of balance of terminal sick leave
Third from the final year in DROP	25% of balance of terminal sick leave
Second from the final year in DROP	33% of balance of terminal sick leave
First from the final year in DROP	50% of balance of terminal sick leave
Final year in DROP	100% of balance of terminal sick leave

If the yearly sick pay contribution, as calculated above, exceeds the Maximum Plan Contribution limit, the excess amount will be rolled into the next plan year.

Employees terminating prior to their pre-selected DROP end date will have 100% of their eligible sick leave balance paid into the BENCOR Plan, subject to Maximum Plan Contribution limit. Any excess amount will be paid in cash, subject to all applicable taxes.

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