

## BENCOR 401(a) Matching Contribution Plan Overview

The BENCOR 401(a) Matching Contribution Plan is a “qualified retirement plan” under Section 401(a) of the Federal tax law. It is offered by The City to provide a matching contribution for eligible Participant Contributions in to the City’s 457(b) Plan. The plan is offered by BENCOR, Inc. as a way to help governmental units, as well as you as an employee, save up to 7.65% of Social Security and Medicare taxes on contributions to the Plan. The Plan also results in the *deferral* of your income taxes on that same amount 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

**Who participates in the Plan?** To be eligible for the Plan, you must be in a category of employees designated as *covered by board policy*. Participation is limited to Local 3144 Special Fund Employees who are not participating in any defined benefit plan sponsored by the City of New Haven.

**What should I do to set up my Plan account?** Your employer establishes your Plan account for you. Once your account is created, you should log on to your account at [www.bencorplans.com](http://www.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**; and
- 3) make an investment election under **Investments**.

**What are the options for investment of my account?** 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. If you do not choose investment options, your account will be invested automatically in your Plan’s default option, which may or may not be the best option for your circumstances. Therefore, it is important for you to log on to your account at [www.bencorplans.com](http://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 is contributed to the Plan?** 100% of each eligible Participant’s contribution to the City’s 457(b) Plan, not to exceed three percent (3%) of the Participant’s Compensation for the year will be matched by the City of New Haven and put in to an account in the 401(a) Plan in the Participant’s name.

In addition to these employer-made contributions, 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.

**Is there a limit on the amount that can be contributed to the Plan?** Yes. The IRS adjusts the annual dollar limit periodically to reflect cost-of-living increases. [Click here to see the current IRS limits.](#)

Your employer will not contribute more to the 401(a) Matching Contribution 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.

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

**Can I withdraw money from my account?** 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 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 [www.bencorplans.com](http://www.bencorplans.com) and submit your request electronically. Additional information about income taxes and rollovers is provided online.

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

An additional 10% tax (early withdrawal penalty) may apply to withdrawals taken prior to the attainment of age 59½ if you retire or otherwise separate from service prior to the year in which you turned age 55.

Your account is subject to the IRS Required Minimum Distribution rules after you reach age 72 or retire, whichever is later, or following your death, if earlier.

**Can I borrow from my account?** Loans are not permitted from this plan.

**Will I receive account statements?** 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.

**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.

