Fringe Benefits: Questions & Answers

Q: What are the different enrollments I can choose for my fringes?
For your fringes you have options for your funds you can choose one enrollment or multiple depending on your personal situation:

- Dependent Care Account (DCA) is used for childcare or elderly care expenses for which you can use your fringe funds pre-tax. The child(ren) would need to be under the age of 13 to be eligible for childcare expenses.
- Unreimbursed Health Expense Account is used for office visit copays, prescriptions, dental expenses, and vision expenses that are not covered by insurance and are not cosmetic procedures. The funds used are also pre-tax for qualified expenses.
- College/First Home Account is used to save money up to $10000 for a first home or unlimited for collegiate expenses. The funds used are considered taxable, and we recommend keeping all documents related to the expense for your income taxes.
- 401K Investments are invested in the market based on the funds you pick and are saved for retirement. You can request to be cashed out, which would be taxable.
- Personal Health Insurance Premium Account is applicable if you do not have a company-offered health insurance plan for you or your spouse. The funds used to pay for your premiums are pre-tax.
- Interest Bearing Cash Account will keep the funds in the account earning interest of 1% while you earn fringes. You can request to be cashed out at any time, which will be taxable.
- Automatic Distributions will cash out your account and will leave the balance at zero each pay period you earn fringes. The cash paid to you is taxable.

Q: What should my tax withholding be for fringe cash payments?
To give you background on the taxes, the IRS states that there is a 20% distribution tax and a 10% early withdrawal. We recommend talking to a tax professional as the funds will be added as income for your taxes, to go over your specific tax situation.

Q: How do I get my money from the account?
If you are looking for a one-time payment, you can submit a claim by logging into my.ebacon.com and submitting a claim through the fringe widget. This will not change how you are enrolled for your fringes:

- If you would like to change your enrollment, you can log into my.ebacon.com and go to your fringe enrollment.
- If you have questions, contact our office by calling 623-580-4900 or emailing fringe@ebacon.com for assistance.

Q: Why am I getting charged 8%?
The trust administration fee is a one-time charge on any contributions and save an employee an average of 37%-58% compared to traditional 401(k) and trust recurring fees.

Q: What is a 1099-R form?

A 1099-R form details the distributions from your 401K or fringe trust along with any applicable taxes paid to the IRS or corresponding state. This is reported as income and will need to be included when filing your income taxes

Q: Why does the amount in box one differ from what I was paid?
Your payment amount is the gross (total amount distributed from the account) less any taxes paid.

Q: Can I opt out all together?
No, this was a company decision to follow prevailing wage fringes as intended by law. You do have the opportunity to maximize tax savings by utilizing our tax free options like FSA and DCA.

Q: Can I only choose one election option?
No, you can choose as many as you want.

Q: Can I change my elections in the future?
Yes